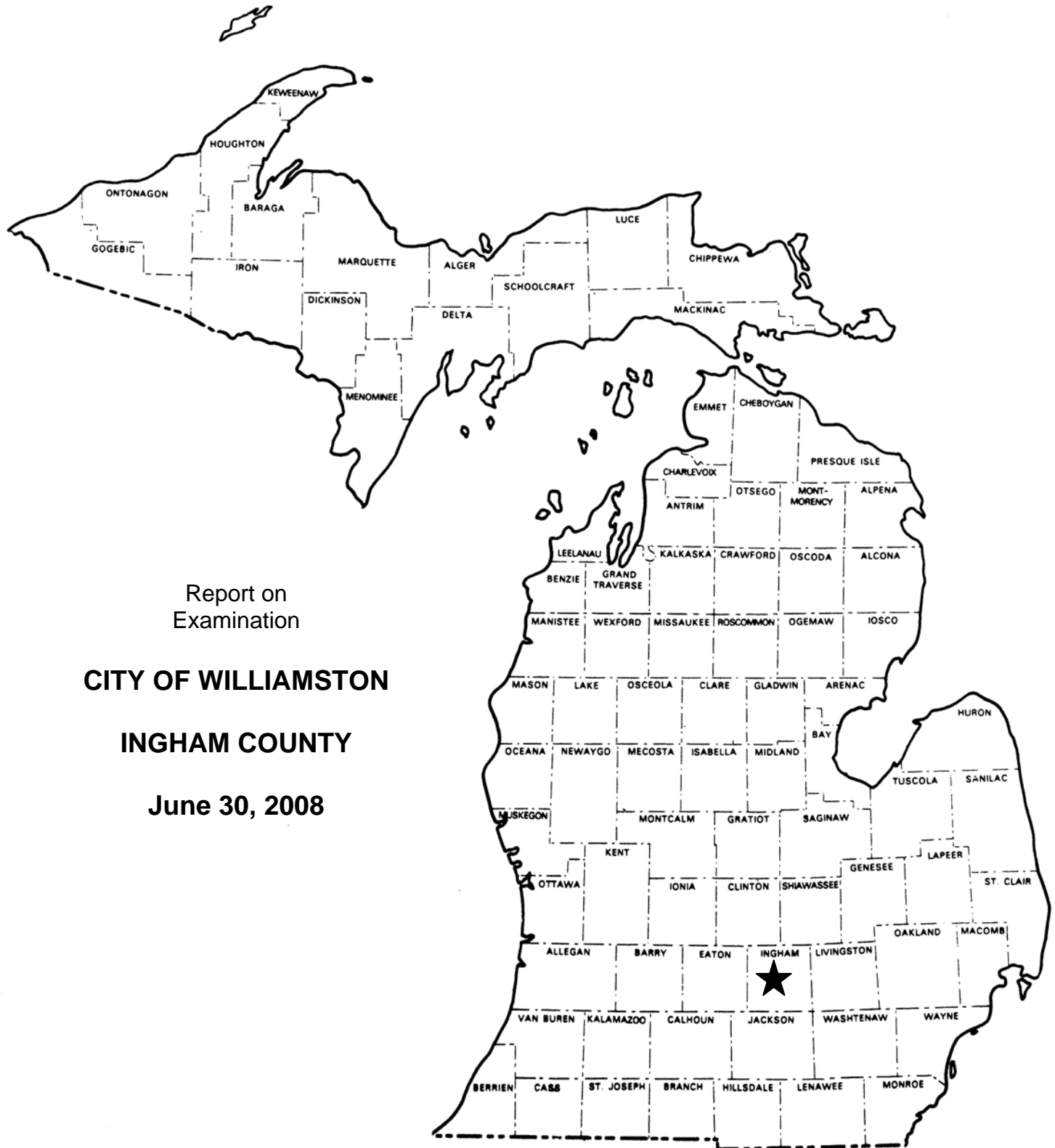


**STATE OF MICHIGAN**  
JENNIFER M. GRANHOLM, Governor  
**DEPARTMENT OF TREASURY**



Report on  
Examination

**CITY OF WILLIAMSTON**

**INGHAM COUNTY**

**June 30, 2008**

CITY OF WILLIAMSTON

CITY COUNCIL

Michelle Hyne  
Mayor

John Pratt  
Mayor Pro-tem

Carmen Siciliano  
Kenneth V. Zichi

Traci Smith  
Scott VanAllsburg

Lisa Hitchcock  
Manager

Alan Dolley  
Treasurer

CITY POPULATION--2000  
3,441

STATE EQUALIZED VALUATION—2007  
\$142,156,160



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

December 4, 2008

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

RE: Unqualified Opinions on Basic Financial Statements Accompanied by Required  
Supplementary Information and Supplemental Information

Independent Auditor's Report

Dear Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City of Williamston's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Williamston's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2008, on our consideration of the City of Williamston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 8 and the Budgetary Comparisons for the Major Funds in Exhibits K, L and M are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamston's basic financial statements. The accompanying supplemental information in Exhibits N through Y is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

# CITY OF WILLIAMSTON

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The following is a discussion and analysis of the City of Williamston's financial performance and position, providing an overview of the activities for the fiscal year ended June 30, 2008. This analysis should be read in conjunction with the Independent Auditors Report, our letter of transmittal, and with the City of Williamston's financial statements, which follows this section.

### **Financial Highlights**

The following represent the most significant financial highlights for the year ended June 30, 2008:

- The City was hit by a tornado on October 18, 2007. The damage that was sustained to City property included a complete loss of the East Annex, repairable damage to various well houses, the community center roof and city hall. This event required an increase to various expenditure accounts.
- Tax revenue increased 5% from the previous year. This reflects growth in the taxable values associated with the sale/purchase of property within the Williamston City boundary's. These increases are the result of Proposal 'A' of 1994 that establishes taxable values and restricted their annual increases to inflation or 5% whichever is less. Taxable values are uncapped and raised to the State Equalized Values (SEV) whenever property is sold. During times of decreasing SEV's, the taxable values can increase until they match the SEV, then will decrease at the same rate.
- The General Fund's revenues exceeded the expenditures by \$176,141. This amount will be added to the fund balance to be used for future projects, services, or shortfalls.
- State-shared revenue, a major source of revenue for the City's General Fund, decreased \$1,582 from \$312,459 in the previous year to \$310,877.

### **Using this Annual Report**

The annual financial report of the City of Williamston consists of the following components: 1) Independent Auditor's Report; 2) Management's Discussion and Analysis; 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements); 4) Required Supplementary Information, such as budget-to-actual comparisons for the General Fund and Major Special Revenue Funds; and 5) Supplementary Information, including combining financial statements for all nonmajor governmental and proprietary funds.

### **Government-Wide Financial Statements (Reporting the City as a Whole)**

The Statement of Net Assets and the Statement of Activities provide information about the City, as a whole, and present a longer-term view of the City's finances. Their purpose is to assist in answering the question, "Is the City of Williamston, in its entirety, better or worse off as a result of this fiscal year's activities?" These statements are reported on the accrual basis of accounting, similar to a private business. This means revenues are accounted for when they are earned and expenses are accounted for when incurred, regardless of when the actual cash is received or disbursed.



The Statement of Net Assets presents all of the City of Williamston's assets and liabilities, recording the difference between the two as "net assets." Over time, increases or decreases in net assets measure whether the City of Williamston's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City of Williamston's net assets changed during fiscal year 2008. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee personal leave.

### **Fund Financial Statements (Reporting the City's Major Funds)**

The governmental funds financial statements are reported on a modified accrual basis of accounting. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources. The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending.

Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. Fund financial statements are utilized to track specific operations, these include: the General, Major Street, Local Street, Water and Sewer Funds.

The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **Comparison of Government-Wide and Fund Financial Statements**

Both statements report governmental activities and business-type activities. Governmental activities include the General Fund, Special Revenue Funds and Debt Service Funds. Business-type activities include the Water and Sewer Funds.

Because of the different basis of accounting between the fund statements and the government-wide statements, reconciliations between the two statement types are also presented in this report. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however, depreciation expense is reported on the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Long-term liabilities, such as reserves for personal leave (compensated absences), etc., appear as liabilities on the government-wide statements; however, they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, the government-wide financial statements include the net value of the City of Williamston's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

### **Governmental Activities/Governmental Funds**

Most of the City of Williamston's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the City of Williamston's general government departments such as police, public works, recreation programs, and Major and Local Street maintenance are reported under these activities.

### **Business-Type Activities/Proprietary Funds**

Business-type activities are those that are financed primarily by charges for services or user fees. The City's business-type activities consist of the Water and Sewer Funds; these types of operations are most similar to private businesses.

### **Discretely Presented Component Units/Fiduciary Funds**

Discretely Presented Component Units are legally separate organizations for which the City of Williamston's City Council appoints a majority of the organization's policy board and there is a degree of financial accountability to the City. Organizations included as component units: Downtown Development Authority (DDA), Economic Development Corporation (EDC), TIFA 2A and TIFA 2B. The government-wide statements exclude the fiduciary fund activities and balances because these assets are not available to the City to fund its operations.

**The City of Williamston as a Whole**

Listed below is a summary of the changes in net assets from 2007 as compared to 2008 for the governmental activities and the business-type activities:

<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>Amount Difference</u></b>	<b><u>Percent Difference</u></b>
Current and Other Assets	\$ 1,636,970	\$ 1,659,369	\$ 22,399	1%
Capital Assets	4,579,084	4,857,798	278,714	6%
Total Assets	6,216,054	6,517,167	301,113	5%
Other Liabilities	79,278	106,092	26,814	34%
Long-Term Liabilities	2,345,185	2,204,257	(140,928)	-6%
Total Liabilities	2,424,463	2,310,349	(114,114)	-5%
Net Assets				
Invested in Capital Assets				
Net of Related Debt	4,538,637	4,857,798	319,161	7%
Restricted	302,457	143,958	(158,499)	-52%
Unrestricted	(1,049,503)	(794,938)	254,565	-24%
Total Net Assets	<u>\$ 3,791,591</u>	<u>\$ 4,206,818</u>	<u>\$ 415,227</u>	<u>11%</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
Current and Other Assets	\$ 1,718,877	\$ 1,818,465	\$ 99,588	6%
Capital Assets	14,471,941	14,470,506	(1,435)	0%
Total Assets	16,190,818	16,288,971	98,153	1%
Current Liabilities	105,320	327,442	222,122	211%
Long-Term Liabilities	5,442,445	5,126,940	(315,505)	-6%
Total Liabilities	5,547,765	5,454,382	(93,383)	-2%
Net Assets				
Invested in Capital Assets				
Net of Related Debt	9,041,702	9,355,772	314,070	3%
Restricted	180,416	245,305	64,889	36%
Unrestricted	1,420,935	1,233,512	(187,423)	-13%
Total Net Assets	<u>\$ 10,643,053</u>	<u>\$ 10,834,589</u>	<u>\$ 191,536</u>	<u>2%</u>

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2008**

The City's combined net assets for both governmental and business-type activities total \$15 million for fiscal year 2008.

The following tables of condensed financial information were derived from the government-wide Statement of Activities and reflect how the City of Williamston and its component units' net assets changed during the fiscal year, as compared to the prior fiscal year.

<u><b>GOVERNMENTAL ACTIVITIES</b></u>	<u>2007</u>	<u>2008</u>	<u>Amount Difference</u>	<u>Percent Difference</u>
Revenue				
Program Revenue				
Charges for Services	\$ 504,057	\$ 575,661	\$ 71,604	14%
Operating Grants and Contributions	228,177	234,119	5,942	3%
Capital Grants and Contributions	411,726	196,916	(214,810)	-52%
General Revenue				
Property Taxes	1,725,708	1,812,865	87,157	5%
State Shared Revenue	312,459	310,877	(1,582)	-1%
Unrestricted Investment Earnings	56,064	58,704	2,640	5%
Special Item--Gain or (Loss) on Disposal of Capital Assets	<u>9,424</u>	<u>27,500</u>	<u>18,076</u>	<u>192%</u>
Total Revenue	<u>3,247,615</u>	<u>3,216,642</u>	<u>(30,973)</u>	<u>-1%</u>
Expenses				
General Government	837,991	948,534	110,543	13%
Public Safety	631,038	814,148	183,110	29%
Public Works	464,839	785,332	320,493	69%
Community and Economic Development	145,548	113,702	(31,846)	-22%
Recreation and Culture	96,953	106,499	9,546	10%
Interest on Long-Term Debt	<u>76,290</u>	<u>72,850</u>	<u>(3,440)</u>	<u>-5%</u>
Total Expenses	<u>2,252,659</u>	<u>2,841,065</u>	<u>588,406</u>	<u>26%</u>
Increase (Decrease) in Net Assets Before Transfers	994,956	375,577	(619,379)	-62%
Transfers	<u>(9,500)</u>	<u>39,650</u>	<u>49,150</u>	<u>-517%</u>
Change in Net Assets	985,456	415,227	(570,229)	-58%
Net Assets--Beginning of Year	<u>2,806,135</u>	<u>3,791,591</u>	<u>985,456</u>	<u>35%</u>
Net Assets--End of Year	<u>\$3,791,591</u>	<u>\$ 4,206,818</u>	<u>\$ 415,227</u>	<u>11%</u>

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2008**

<b><u>BUSINESS-TYPE ACTIVITIES</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>Amount Difference</u></b>	<b><u>Percent Difference</u></b>
Revenue				
Program Revenue				
Charges for Services	\$ 1,543,437	\$ 1,504,335	\$ (39,102)	-3%
Capital Grants and Contributions	97,621	55,358	(42,263)	-43%
General Revenue				
Unrestricted Investment Earnings	<u>73,452</u>	<u>57,173</u>	<u>(16,279)</u>	<u>-22%</u>
Total Revenue	<u>1,714,510</u>	<u>1,616,866</u>	<u>(97,644)</u>	<u>-6%</u>
Expenses				
Water and Sewer	<u>1,501,280</u>	<u>1,438,394</u>	<u>(62,886)</u>	<u>-4%</u>
Total Expenses	<u>1,501,280</u>	<u>1,438,394</u>	<u>(62,886)</u>	<u>-4%</u>
Increase (Decrease) in Net Assets Before Transfers	213,230	178,472	(34,758)	-16%
Transfers	<u>22,980</u>	<u>13,065</u>	<u>(9,915)</u>	<u>-43%</u>
Change in Net Assets	236,210	191,537	(44,673)	-19%
Net Assets--Beginning of Year	<u>10,406,842</u>	<u>10,643,052</u>	<u>236,210</u>	<u>2%</u>
Net Assets--End of Year	<u><u>\$10,643,052</u></u>	<u><u>\$10,834,589</u></u>	<u><u>\$191,537</u></u>	<u><u>2%</u></u>

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2008**

<b><u>COMPONENT UNITS</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>Amount Difference</u></b>	<b><u>Percent Difference</u></b>
Revenue				
Program Revenue				
Charges for Services	\$ 72,318	\$ 65,629	\$ (6,689)	-9%
Operating Grants and Contributions	25,820	28,558	2,738	11%
General Revenue				
Property Taxes	<u>412,028</u>	<u>391,323</u>	<u>(20,705)</u>	<u>-5%</u>
Total Revenue	<u>510,166</u>	<u>485,510</u>	<u>(24,656)</u>	<u>-5%</u>
Expenses				
Economic Development Corporation	86,610	84,979	(1,631)	-2%
Tax Increment Finance Authority 2A	16,864	17,456	592	4%
Tax Increment Finance Authority 2B	70,535	54,740	(15,795)	-22%
Downtown Development Authority	<u>246,067</u>	<u>273,876</u>	<u>27,809</u>	<u>11%</u>
Total Expenses	<u>420,076</u>	<u>431,051</u>	<u>10,975</u>	<u>3%</u>
Increase (Decrease) in Net Assets				
Before Transfers	90,090	54,459	(35,631)	-40%
Special Item--Gain on Disposal of Capital Assets		1,319	1,319	100%
Transfers	<u>(13,480)</u>	<u>(52,715)</u>	<u>(39,235)</u>	<u>291%</u>
Change in Net Assets	76,610	3,063	(73,547)	-96%
Net Assets--Beginning of Year	<u>364,047</u>	<u>440,657</u>	<u>76,610</u>	<u>21%</u>
Net Assets--End of Year	<u>\$ 440,657</u>	<u>\$ 443,720</u>	<u>\$ 3,063</u>	<u>1%</u>

**Budgetary Highlights**

The City of Williamston's budget is a dynamic document. Although adopted in June (prior to the start of the fiscal year), the budget is occasionally amended during the course of the fiscal year to reflect changing operational demands. The treasurer submits a budget statement to the council each month.

The General Fund budget continues to enjoy a strong fund balance which allows for the delivery of services that make this such a nice community. This fund balance needs to be maintained during financially strong years to help in the lean years that lie ahead if the current economy in the State of Michigan continues in its current trend.

The Sewer Fund continues their payment on the balloon phase of the 2001 Refunding Bonds. The original bonds were issued in the 1980's, were then refunded in 1991 with interest only payments until November 2007. In 2001, the 1991 Refunding Bonds were refunded to a lower interest rate saving an estimated \$1,083,000 in interest payments. The ballooning principal payments started in 2007 at \$215,000 and increase to \$505,000 in 2017. The City continues efforts in locating sewer mains that contribute unwanted inflow to the sewer system that cause increased operating costs and reduced capacity.

### **Economic Factors and Next Year's Budgets and Rates**

The current housing market slump, uncertain fuel costs, and the loss of many factory jobs in the auto industry and supporting markets could have a devastating affect on available funds that the State passes on to local communities. With the stagnation or reduction in property values the City could see its taxable values stagnating. This would lead to reduced tax dollars available to operate the City at current levels. Fuel costs continue to fluctuate and may become factor in increasing costs to provide City services, such as snow removal, leaf/branch collection, and police patrols.

Water/Sewer rates for 2008/09 continue to be an item of contention. Rates will need to be increased to cover operating and maintenance costs that continue to exceed inflation due to the specialized nature of their operations. The City has numerous projects that will allow the sewer system to operate more efficiently. These projects will help control the amount of inflow from old leaking sewer lines that will allow the sewer plant to reduce the volume of sewage being treated.

### **Contacting the City of Williamston**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Williamston's finances and to demonstrate the accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the City of Williamston Treasurer's Office at (517) 655-2774 or 161 East Grand River Avenue, Williamston, Michigan 48895.

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2008**

**EXHIBIT A**

	PRIMARY GOVERNMENT			Major Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>ASSETS</u></b>				
Current Assets				
Cash	\$ 309,990	\$ 178,660	\$ 488,650	\$ 306,289
Investments	1,108,584	979,532	2,088,116	258,180
Receivables (Net)				
Accounts	1,100	240,164	241,264	600
Assessments	487		487	
Accrued Interest	125		125	296
Due From Other Funds--Primary Government			-	22,442
Due From Other Funds--Component Units	944		944	
Internal Balances	(85,780)	85,780	-	
Due From State	284,536		284,536	
Prepaid Expense	36,148		36,148	
Due From Other Agencies	3,235		3,235	
Total Current Assets	1,659,369	1,484,136	3,143,505	587,807
Noncurrent Assets				
Restricted Cash		245,305	245,305	6,941
Special Assessments Receivable		89,024	89,024	
Capital Assets--Net of Accumulated Depreciation	4,857,798	14,470,506	19,328,304	2,191,169
Total Noncurrent Assets	4,857,798	14,804,835	19,662,633	2,198,110
Total Assets	6,517,167	16,288,971	22,806,138	2,785,917
<b><u>LIABILITIES</u></b>				
Current Liabilities				
Accounts Payable	55,042	267,185	322,227	6,513
Due to Other Funds--Primary Government	-		-	944
Due to Other Funds--Component Units	22,151		22,151	
Contract Retainage Payable	14,263	-	14,263	
Accrued Interest Payable		54,443	54,443	
Accrued Liabilities	14,636	5,814	20,450	172
Total Current Liabilities	106,092	327,442	433,534	7,629
Noncurrent Liabilities				
Customer Deposits Payable		9,748	9,748	
Bonds Payable--Due Within One Year	60,000	295,000	355,000	85,000
Bonds Payable--Due in More Than One year	1,400,000	4,819,734	6,219,734	1,910,000
Notes Payable--Due Within One Year			-	46,510
Notes Payable--Due in More Than One year			-	293,058
Special Assessments Payable--Due Within One Year	49,162		49,162	
Special Assessments Payable--Due in More Than One Year	639,103		639,103	
Vested Employee Benefits Payable	56,248	2,458	58,706	
Total Noncurrent Liabilities	2,204,257	5,126,940	7,331,197	2,334,568
Total Liabilities	2,310,349	5,454,382	7,764,731	2,342,197



**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**June 30, 2007**

**EXHIBIT A**  
**(CONTINUED)**

	<b>PRIMARY GOVERNMENT</b>			Major Component Units
	Governmental Activities	Business-Type Activities	Total	
<b><u>NET ASSETS</u></b>				
Investment in Capital Assets--Net of Related Debt	4,857,798	9,355,772	14,213,570	1,501,601
Restricted for				
Debt Service	22		22	
Major and Local Streets	134,216		134,216	
Building Permits	9,720		9,720	
Economic Development Programs			-	20,060
Downtown Development Activities			-	(1,445,673)
Tax Increment Finance Plans			-	367,732
Sewer and Water Improvements		245,305	245,305	
Unrestricted	(794,938)	1,233,512	438,574	
Total Net Assets	<u>\$ 4,206,818</u>	<u>\$ 10,834,589</u>	<u>\$ 15,041,407</u>	<u>\$ 443,720</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

**EXHIBIT B**

<u>Functions/Programs</u>	<u>Expenses</u>	<b>PROGRAM REVENUES</b>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General Government	\$ 948,534	\$ 329,315		
Public Safety	814,148	68,301	\$ 1,512	
Public Works	785,332	178,045	223,007	\$ 196,916
Community and Economic Development	113,702			
Recreation and Culture	106,499		9,600	
Interest on Long-Term Debt	72,850			
Total Governmental Activities	<u>2,841,065</u>	<u>575,661</u>	<u>234,119</u>	<u>196,916</u>
Business-Type Activities				
Sewer	996,054	826,645		
Water	442,340	677,690		55,358
Total Business-Type Activities	<u>1,438,394</u>	<u>1,504,335</u>	<u>-</u>	<u>55,358</u>
Total Primary Government	<u>\$4,279,459</u>	<u>\$ 2,079,996</u>	<u>\$ 234,119</u>	<u>\$252,274</u>
Component Units				
Economic Development Corporation	\$ 84,979	\$ 65,629	\$ 3,482	
Tax Increment Finance Authority 2A	17,456		5,360	
Tax Increment Finance Authority 2B	54,740		13,800	
Downtown Development Authority	273,876		5,916	
Total Component Units	<u>\$ 431,051</u>	<u>\$ 65,629</u>	<u>\$ 28,558</u>	<u>\$ -</u>

**CITY OF WILLIAMSTON**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

**EXHIBIT B**  
**(CONTINUED)**

<b>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</b>				
<u>Functions/Programs</u>	<b>PRIMARY GOVERNMENT</b>			Major Component Units
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Primary Government				
Governmental Activities				
General Government	\$ (619,219)		\$ (619,219)	
Public Safety	(744,335)		(744,335)	
Public Works	(187,364)		(187,364)	
Community and Economic Development	(113,702)		(113,702)	
Recreation and Culture	(96,899)		(96,899)	
Interest on Long-Term Debt	(72,850)		(72,850)	
Total Governmental Activities	<u>(1,834,369)</u>	<u>\$ -</u>	<u>(1,834,369)</u>	
Business-Type Activities				
Sewer		(169,409)	(169,409)	
Water		290,708	290,708	
Total Business-Type Activities	<u>-</u>	<u>121,299</u>	<u>121,299</u>	
Total Primary Government	<u>\$ (1,834,369)</u>	<u>\$ 121,299</u>	<u>\$ (1,713,070)</u>	
Component Units				
Economic Development Corporation				\$ (15,868)
Tax Increment Finance Authority 2A				(12,096)
Tax Increment Finance Authority 2B				(40,940)
Downtown Development Authority				(267,960)
Total Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (336,864)</u>
General Revenues				
Property Taxes	\$ 1,812,865		\$ 1,812,865	\$ 391,323
State-Shared Revenues	310,877		310,877	
Unrestricted Investment Earnings	58,704	\$ 57,173	115,877	
Special Item--Gain on Disposal of Capital Assets	27,500		27,500	1,319
Transfers				
Transfers In From Component Units	39,650	13,065	52,715	
Transfers (Out) to Primary Government			-	(52,715)
Total General Revenues--Special Items and Transfers	<u>2,249,596</u>	<u>70,238</u>	<u>2,319,834</u>	<u>339,927</u>
Change in Net Assets	415,227	191,537	606,764	3,063
Net Assets--Beginning	<u>3,791,591</u>	<u>10,643,052</u>	<u>14,434,643</u>	<u>440,657</u>
Net Assets--Ending	<u>\$ 4,206,818</u>	<u>\$ 10,834,589</u>	<u>\$ 15,041,407</u>	<u>\$ 443,720</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2008**

**EXHIBIT C**

	<b>MAJOR GOVERNMENTAL FUNDS</b>				
	General Fund	Major Street Fund	Local Street Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Cash	\$ 212,273	\$ 89,984	\$ 6,918	\$ 815	\$ 309,990
Investments	1,052,302	56,282			1,108,584
Receivables					
Accounts	475			625	1,100
Special Assessments	487				487
Accrued Interest	125				125
Due From Other Funds--Primary Government	121,318		1,188	15,702	138,208
Due From Other Funds--Component Units	944				944
Due From State	98,797	177,132	8,607		284,536
Prepaid Expenses	36,148				36,148
Total Assets	<u>\$ 1,522,869</u>	<u>\$ 323,398</u>	<u>\$ 16,713</u>	<u>\$ 17,142</u>	<u>\$ 1,880,122</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Liabilities					
Accounts Payable	\$ 47,452		\$ 190	\$ 7,400	\$ 55,042
Due to Other Funds--Primary Government	15,702	\$ 192,818	12,233		220,753
Due to Other Funds--Component Units	22,151				22,151
Accrued Liabilities	13,982	325	329		14,636
Escrow Deposits Payable	14,263				14,263
Deferred Revenue	487				487
Total Liabilities	<u>114,037</u>	<u>193,143</u>	<u>12,752</u>	<u>7,400</u>	<u>327,332</u>
Fund Balances					
Reserved for					
Debt Service				22	22
Major and Local Streets		130,255	3,961		134,216
Building and Zoning				9,720	9,720
Unreserved--Undesignated	1,408,832				1,408,832
Total Fund Equity	<u>1,408,832</u>	<u>130,255</u>	<u>3,961</u>	<u>9,742</u>	<u>1,552,790</u>
Total Liabilities and Fund Equity	<u>\$ 1,522,869</u>	<u>\$ 323,398</u>	<u>\$ 16,713</u>	<u>\$ 17,142</u>	<u>\$ 1,880,122</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON  
RECONCILIATION OF FUND BALANCES ON  
THE BALANCE SHEET FOR GOVERNMENTAL  
FUNDS TO NET ASSETS OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS  
June 30, 2008**

**EXHIBIT C-1**

Fund Balances--Total Governmental Funds	\$ 1,552,790
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Add--Capital Assets	6,284,931
Deduct--Accumulated Depreciation	<u>(1,427,133)</u>

Net Capital Asset Addition	<u>4,857,798</u>
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Revenues that do not provide current financial resources are not reported as revenue in the funds.	743
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Certain liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Deduct--Long-Term Debt	(2,148,265)
Deduct--Compensated Absences and Other Long-Term Liabilities	<u>(56,248)</u>

Net Assets--Governmental Activities	<u><u>\$ 4,206,818</u></u>
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**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

**EXHIBIT D**

	<b>MAJOR GOVERNMENTAL FUNDS</b>				
	General Fund	Major Street Fund	Local Street Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and Penalties	\$ 1,812,865				\$ 1,812,865
Licenses and Permits	20,704			\$ 33,601	54,305
Federal Grants	5,307	\$ 196,916			202,223
State Grants	321,989	161,433	\$ 52,528		535,950
Charges for Services	18,767			11,510	30,277
Fines and Forfeits	10,817				10,817
Interest and Rentals	230,500	2,745	994		234,239
Other Revenue	335,793	524			336,317
Total Revenues	2,756,742	361,618	53,522	45,111	3,216,993
Expenditures					
Current					
General Government	929,609				929,609
Public Safety	691,006			96,860	787,866
Public Works	441,074	98,509	98,514		638,097
Community and Economic Development	113,702				113,702
Recreation and Cultural	102,514				102,514
Capital Outlay	260,700	259,667			520,367
Debt Service					
Principal	40,447			55,000	95,447
Interest and Fiscal Fees	1,549			71,301	72,850
Total Expenditures	2,580,601	358,176	98,514	223,161	3,260,452
Excess of Revenues Over (Under) Expenditures	176,141	3,442	(44,992)	(178,050)	(43,459)
Other Financing Sources (Uses)					
Interfund Transfers In					
Primary Government			83,850	140,985	224,835
Component Units	39,650				39,650
Interfund Transfers (Out)--Primary Government	(61,100)	(37,750)	(125,985)		(224,835)
Total Other Financing Sources (Uses)	(21,450)	(37,750)	(42,135)	140,985	39,650
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	154,691	(34,308)	(87,127)	(37,065)	(3,809)
Fund Balance--July 1, 2007	1,254,141	164,563	91,088	46,807	1,556,599
Fund Balance--June 30, 2008	\$ 1,408,832	\$ 130,255	\$ 3,961	\$ 9,742	\$ 1,552,790

The Notes to Financial Statements are an integral part of this statement.

**CITY OF WILLIAMSTON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGE IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

**EXHIBIT D-1**

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS \$ (3,809)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Add--Capital Outlay	520,367
Deduct--Depreciation Expense	(241,653)
Deduct--Capital Asset Disposal	-

Revenues earned but not available for current resources are not reported in the funds.

Sidewalk Special Assessments	(350)
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Repayment of bond principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the Statement of Net Assets.

Add--Principal Payments on Long-Term Liabilities	144,609
--	---------

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and, therefore, are not reported as expenditures  
in the funds.

(3,937)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 415,227

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

**EXHIBIT E**

	<b>BUSINESS-TYPE ACTIVITIES</b>		Total Enterprise Funds
	<u>Sewer</u>	<u>Water</u>	<u></u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 86,325	\$ 92,335	\$ 178,660
Investments	712,538	266,994	979,532
Customer Accounts Receivable	133,550	106,614	240,164
Due From Other Funds--Primary Government		190,520	190,520
Total Current Assets	<u>932,413</u>	<u>656,463</u>	<u>1,588,876</u>
Noncurrent Assets			
Restricted Cash	155,056	90,249	245,305
Special Assessments Receivable	89,024		89,024
Capital Assets--Net of Accumulated Depreciation	<u>9,989,601</u>	<u>4,480,905</u>	<u>14,470,506</u>
Total Noncurrent Assets	<u>10,233,681</u>	<u>4,571,154</u>	<u>14,804,835</u>
Total Assets	<u>11,166,094</u>	<u>5,227,617</u>	<u>16,393,711</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	70,675	196,510	267,185
Due to Other Funds--Primary Government	68,713	36,027	104,740
Accrued Interest Payable	34,075	20,368	54,443
Accrued Liabilities	<u>4,129</u>	<u>1,685</u>	<u>5,814</u>
Total Current Liabilities	<u>177,592</u>	<u>254,590</u>	<u>432,182</u>
Noncurrent Liabilities			
Customer Deposits Payable		9,748	9,748
Bonds Payable--Due Within One Year	265,000	30,000	295,000
Bonds Payable--Net of Unamortized Discounts Due in More Than One Year	<u>3,484,734</u>	<u>1,335,000</u>	<u>4,819,734</u>
Vested Employee Benefits Payable	<u>2,458</u>		<u>2,458</u>
Total Noncurrent Liabilities	<u>3,752,192</u>	<u>1,374,748</u>	<u>5,126,940</u>
Total Liabilities	<u>3,929,784</u>	<u>1,629,338</u>	<u>5,559,122</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets--Net of Related Debt	6,239,867	3,115,905	9,355,772
Restricted for Sewer and Water Improvements	155,056	90,249	245,305
Unrestricted	<u>841,387</u>	<u>392,125</u>	<u>1,233,512</u>
Total Net Assets	<u>\$ 7,236,310</u>	<u>\$ 3,598,279</u>	<u>\$ 10,834,589</u>

**The Notes to Financial Statements are an integral part of this statement.**



**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS--PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

**EXHIBIT F**

	<b>BUSINESS-TYPE ACTIVITIES</b>		Total Enterprise Funds
	<u>Sewer</u>	<u>Water</u>	
Operating Revenues			
Water Sales		\$ 665,590	\$ 665,590
Sewage Disposal Services	\$ 826,645		826,645
Other		12,100	12,100
Total Operating Revenues	<u>826,645</u>	<u>677,690</u>	<u>1,504,335</u>
Operating Expenses			
Salaries and Wages	182,101	97,108	279,209
Fringe Benefits	74,422	39,909	114,331
Administrative Expenses	45,000	40,000	85,000
Contractual Services	41,443	22,298	63,741
Equipment Repair and Maintenance	32,726	806	33,532
Utilities	74,597	17,683	92,280
Insurance	7,586	4,005	11,591
Other Supplies and Expenses	48,730	81,340	130,070
Depreciation	<u>289,599</u>	<u>76,635</u>	<u>366,234</u>
Total Operating Expenses	<u>796,204</u>	<u>379,784</u>	<u>1,175,988</u>
Operating Income (Loss)	<u>30,441</u>	<u>297,906</u>	<u>328,347</u>
Nonoperating Revenues (Expenses)			
Interest and Investment Revenue	34,275	15,594	49,869
Interest on Special Assessments	7,304		7,304
Interest Expense	(185,355)	(62,556)	(247,911)
Bond Amortization Expense	<u>(14,495)</u>		<u>(14,495)</u>
Total Nonoperating Revenues (Expenses)	<u>(158,271)</u>	<u>(46,962)</u>	<u>(205,233)</u>
Income (Loss) Before Contributions and Transfers	<u>(127,830)</u>	<u>250,944</u>	<u>123,114</u>
Capital Contributions		55,358	55,358
Interfund Transfers			
Transfers In	135,010		135,010
Transfers (Out)		<u>(121,945)</u>	<u>(121,945)</u>
Change in Net Assets	<u>7,180</u>	<u>184,357</u>	<u>191,537</u>
Total Net Assets--July 1, 2007	<u>7,229,130</u>	<u>3,413,922</u>	<u>10,643,052</u>
Total Net Assets--June 30, 2008	<u><u>\$7,236,310</u></u>	<u><u>\$3,598,279</u></u>	<u><u>\$10,834,589</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

**EXHIBIT G**

	<b>BUSINESS-TYPE ACTIVITIES</b>		Total Enterprise Funds
	<u>Sewer</u>	<u>Water</u>	
Cash Flows From Operating Activities			
Charges for Services	\$ 836,451	\$ 670,820	\$ 1,507,271
Miscellaneous		12,100	12,100
Goods and Services Purchased	(180,427)	(159,710)	(340,137)
Salaries and Fringes	(254,790)	(136,924)	(391,714)
Net Cash Provided by Operating Activities	<u>401,234</u>	<u>386,286</u>	<u>787,520</u>
Cash Flows From Noncapital Financing Activities			
Operating Transfers In From Other Funds	121,945		121,945
Operating Transfers In From Component Units	13,065		13,065
Operating Transfers (Out) to Other Funds		(121,945)	(121,945)
Due From Other Funds		(190,520)	(190,520)
Due to Other Funds	20,614	(10,140)	10,474
Net Cash Flows From Noncapital Financing Activities	<u>155,624</u>	<u>(322,605)</u>	<u>(166,981)</u>
Cash Flows From Capital and Related Financing Activities			
Collection of Customer Assessments	23,094		23,094
Interest on Special Assessments	7,304		7,304
Contract Retainage Payable		147,141	147,141
Acquisition of Capital Assets	(120,883)	(243,914)	(364,797)
Capital Contributions		55,358	55,358
Principal Paid on Debt	(285,505)	(30,000)	(315,505)
Interest Paid on Debt	(187,901)	(62,932)	(250,833)
Bond Amortization Expense	(14,495)		(14,495)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(578,386)</u>	<u>(134,347)</u>	<u>(712,733)</u>
Cash Flows From Investing Activities			
Interest on Cash	34,275	15,594	49,869
Sale (Purchase) of Investments	(27,946)	(10,021)	(37,967)
Net Cash Provided by Investing Activities	<u>6,329</u>	<u>5,573</u>	<u>11,902</u>
Net Increase in Cash and Cash Equivalents	(15,199)	(65,093)	(80,292)
Cash at Beginning of the Year	<u>256,580</u>	<u>247,677</u>	<u>504,257</u>
Cash at End of the Year	<u>\$ 241,381</u>	<u>\$ 182,584</u>	<u>\$ 423,965</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 30,441	\$ 297,906	\$ 328,347
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	289,599	76,635	366,234
Changes in Assets and Liabilities			
Decrease (Increase) in Accounts Receivable	9,806	5,230	15,036
Increase (Decrease) in Accounts Payable	69,655	6,422	76,077
Increase (Decrease) in Accrued Liabilities	1,733	93	1,826
Net Cash Provided by Operating Activities	<u>\$ 401,234</u>	<u>\$ 386,286</u>	<u>\$ 787,520</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2008**

**EXHIBIT H**

	<u>Agency Fund</u>
<b><u>ASSETS</u></b>	
Cash	<u>\$ 16,649</u>
Total Assets	<u><u>\$ 16,649</u></u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>	
Liabilities	
Due to Other Funds--Primary Government	\$ 3,234
Due to Other Funds--Component Unit	291
Due to Other Governmental Units	12,958
Tax Overpayments	<u>166</u>
Total Liabilities	<u><u>\$ 16,649</u></u>

**CITY OF WILLIAMSTON**  
**COMBINING STATEMENT OF NET ASSETS**  
**MAJOR COMPONENT UNITS**  
**June 30, 2008**

**EXHIBIT I**

	Economic Development Corporation	Tax Increment Finance Authority 2A	Tax Increment Finance Authority 2B	Downtown Development Authority	Total
<b><u>ASSETS</u></b>					
Current Assets					
Cash	\$ 20,754	\$ 96,889	\$ 152,799	\$ 35,847	\$ 306,289
Investments			118,894	139,286	258,180
Accounts Receivable	300			300	600
Accrued Interest Receivable		137	159		296
Due From Other Funds--Primary Government		25		22,417	22,442
Total Current Assets	21,054	97,051	271,852	197,850	587,807
Noncurrent Assets					
Restricted Cash				6,941	6,941
Capital Assets (Net of Accumulated Depreciation)	762,977	111,300	233,065	1,083,827	2,191,169
Total Noncurrent Assets	762,977	111,300	233,065	1,090,768	2,198,110
Total Assets	784,031	208,351	504,917	1,288,618	2,785,917
<b><u>LIABILITIES</u></b>					
Current Liabilities					
Accounts Payable	433	125	592	5,363	6,513
Accrued Liabilities	71			101	172
Due to Other Funds--Primary Government	490		454		944
Total Current Liabilities	994	125	1,046	5,464	7,629
Noncurrent Liabilities					
Bonds Payable--Due Within One Year				85,000	85,000
Bonds Payable--Due in More Than One Year				1,910,000	1,910,000
Notes Payable--Due Within One Year	46,510				46,510
Notes Payable--Due in More Than One Year	293,058				293,058
Total Noncurrent Liabilities	339,568	-	-	1,995,000	2,334,568
Total Liabilities	340,562	125	1,046	2,000,464	2,342,197
<b><u>NET ASSETS</u></b>					
Invested in Capital Assets--Net of Related Debt Restricted for	423,409	111,300	233,065	733,827	1,501,601
Economic Development Programs	20,060				20,060
Downtown Development Plan				(1,445,673)	(1,445,673)
Tax Increment Finance Plans		96,926	270,806		367,732
Total Net Assets	\$ 443,469	\$ 208,226	\$ 503,871	\$ (711,846)	\$ 443,720

The Notes to Financial Statements are an integral part of this statement.

**CITY OF WILLIAMSTON**  
**COMBINING STATEMENT OF ACTIVITIES**  
**MAJOR COMPONENT UNITS**  
**For the Year Ended June 30, 2008**

**EXHIBIT J**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Tax Increment Finance Authority 2A	Tax Increment Finance Authority 2B	Downtown Development Authority	Total
Economic Development Corporation									
Community and Economic Development	\$ 63,024	\$ 65,629	\$ 3,482		\$ 6,087				\$ 6,087
Interest on Related Debt	21,955				(21,955)				(21,955)
Total Economic Development Corporation	84,979	65,629	3,482	\$ -	(15,868)	\$ -	\$ -	\$ -	(15,868)
Tax Increment Finance Authority 2A									
Community and Economic Development	17,456		5,360			(12,096)			(12,096)
Total Tax Increment Finance Authority 2A	17,456	-	5,360	-	-	(12,096)	-	-	(12,096)
Tax Increment Finance Authority 2B									
Community and Economic Development	54,740		13,800				(40,940)		(40,940)
Total Tax Increment Finance Authority 2B	54,740	-	13,800	-	-	-	(40,940)	-	(40,940)
Downtown Development Authority									
Community and Economic Development	179,840		5,916					(173,924)	(173,924)
Interest and Other Expenses on Related Debt	94,036							(94,036)	(94,036)
Total Downtown Development Authority	\$ 273,876	\$ -	\$ 5,916	\$ -	-	-	-	(267,960)	(267,960)
General Revenues									
Property Taxes								391,323	391,323
Special Item--Gain on Sale of Capital Assets					1,319				1,319
Transfers						(13,065)	(39,650)		(52,715)
Total General Revenues									
Property Taxes and Transfers					1,319	(13,065)	(39,650)	391,323	339,927
Change in Net Assets					(14,549)	(25,161)	(80,590)	123,363	3,063
Net Assets--Beginning of Year					458,018	233,387	584,461	(835,209)	440,657
Net Assets--End of Year					\$ 443,469	\$ 208,226	\$ 503,871	\$ (711,846)	\$ 443,720

The Notes to Financial Statements are an integral part of this statement.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Williamston conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Williamston:

##### Reporting Entity

The City of Williamston encompasses an area of approximately 2.6 square miles and is located approximately 20 miles east of Lansing and 65 miles west of Detroit.

The city was incorporated in 1963 as a home rule city under the council-manager form of government. The city council consists of seven council members who are elected at large. Every two years four council members are elected. The mayor, who is recognized as the chief executive officer of the city, and the mayor pro-tem are elected by the council from among its members. The city manager is the administrative agent of the council and is appointed by the council to serve at its pleasure. All other city administrative officers are appointed by the city manager.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included. The component units total is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description of each component unit).

#### DISCRETELY PRESENTED COMPONENT UNITS

##### Downtown Development Authority

The Downtown Development Authority was created under the provisions of Public Act 197 of 1975, as amended, to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The authority's governing body, which consists of nine individuals, is selected by the city council. In addition, the authority's budget is subject to approval by the city council.

##### Economic Development Corporation

The Economic Development Corporation was created under the provisions of Public Act 338 of 1974, as amended, to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the city to provide needed services and facilities to the residents of the city. The corporation's governing body, which consists of nine individuals, is selected by the city council.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Tax Increment Finance Authorities (2A and 2B)

The Tax Increment Finance Authorities (2A and 2B) were created under the provisions of Public Act 450 of 1980, as amended, to prevent urban deterioration, to encourage development and activity, and to encourage neighborhood revitalization and historic preservation. The authorities' governing body is the same as the Economic Development Corporation that is selected by the city council and consists of nine individuals.

Complete financial statements of the individual component units can be obtained from their respective administrative offices located in city hall:

##### Administrative Offices

City of Williamston  
161 East Grand River Avenue  
Williamston, MI 48895

#### JOINTLY GOVERNED ORGANIZATIONS

The city is a member of the Northeast Ingham Emergency Service Authority (NIESA) which provides emergency services to the residents of northeast Ingham County. The participating communities provided funding for its operations until December 1998, at which time a millage was levied to provide annual funding. The city is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the authority can be obtained from the Community Fire Board offices at 1296 West Grand River, Williamston, Michigan 48895.

#### BASIS OF PRESENTATION

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the city.



## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The city reports the following major governmental funds:

The General Fund is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for revenues and expenditures for the construction and maintenance of the major street system.

The Local Street Fund accounts for revenues and expenditures for the construction and maintenance of the local street system.

The city reports the following major proprietary funds:

The Sewer Fund accounts for the revenues and expenses for the operation of the sewer system.

The Water Fund accounts for the revenues and expenses for the operation of the water system.

Additionally, the city reports the following fund type:

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The city has elected to consistently apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued subsequent to November 30, 1989, in accounting and reporting for its proprietary operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as needed.

#### Deposits and Investments

The cash is considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

#### Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

#### Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

#### Inventories and Prepaid Items

No inventory is maintained. Payments for supplies are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital Assets

Capital assets for the primary government, component units and enterprise funds, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following useful lives:

Land Improvements	10 to 30 Years
Buildings	10 to 50 Years
Office Equipment	4 to 10 Years
Machinery and Equipment	7 to 10 Years
Vehicles	4 to 7 Years
Infrastructure--Roads	8 to 30 Years
Infrastructure--Bridges	12 to 50 Years

#### Compensated Absences (Vacation and Sick Leave)

It is the city's policy to permit employees to accumulate earned sick and vacation pay benefits for all of the employees. The liability for unpaid accumulated sick leave is 50% of the time available according to the city's union contracts and personnel policy. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported only in governmental funds for employee terminations as of year end.

#### Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of the following: assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### Other Financing Sources (Uses)

The transfers of cash between the various city funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

##### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### Budgetary Information

Pursuant to statute, prior to the commencement of the fiscal year, the budget is legally enacted through adoption by the city council. Budgets are adopted for the General Fund and Special Revenue Funds as required by statute. Budgets are adopted on a basis consistent with the accounting principles followed in recording transactions. The city's annual budget is adopted on a departmental basis at the activity level. The city council monitors and amends the budgets as necessary.

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The city has not complied with certain provisions of Public Act 2 of 1968, as amended. The city's budget for the Local Street Fund ended in a deficit condition in both the original and final amended budget. Expenditures were incurred in excess of the amount appropriated in the amended budget for the activities of the General Fund and special revenue funds as follows:

	Final Amended Budget	Actual	Variance (Unfavorable)
General Fund			
General Government			
Attorney	\$ 57,500	\$ 64,827	\$ (7,327)
Public Works			
City Tree Service	17,800	20,416	(2,616)
Leaf and Grass Collection	86,300	88,107	(1,807)
Recreational and Cultural			
Parks and Recreation	83,000	88,844	(5,844)
Red Cedar Recreation Association		4,070	(4,070)
Arts Fund	5,000	9,600	(4,600)
Other Financing Sources			
Transfers (Out)--Local Street Fund	31,100	46,100	(15,000)
Major Street Fund			
Public Works			
Construction	65,000	259,667	(194,667)
Local Street Fund			
Public Works			
Sweeping/Flushing	13,025	15,267	(2,242)
Winter Maintenance	35,550	37,410	(1,860)

### NOTE C--DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the city to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE C--DEPOSITS AND INVESTMENTS (Continued)

Deposits are carried at cost. The Williamston City Council has designated four banks for the deposit of city funds. The investment policy adopted by the council in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The city's deposits and investment policy are in accordance with statutory authority.

The risk disclosures for the city's deposits at June 30, 2008, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are as follows:

	<b>PRIMARY GOVERNMENT</b>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Fund</u>	<u>Total Primary Government</u>
Cash	\$ 309,990	\$ 178,660	\$16,649	\$ 505,299
Restricted Cash		245,305		245,305
Investments	<u>1,108,584</u>	<u>979,532</u>		<u>2,088,116</u>
Total	<u>\$1,418,574</u>	<u>\$1,403,497</u>	<u>\$16,649</u>	<u>\$ 2,838,720</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 749,974	\$ 313,230
Investments in Securities, Mutual Funds and Similar Vehicles	2,088,116	258,180
Petty Cash and Cash on Hand	<u>630</u>	
Total	<u>\$ 2,838,720</u>	<u>\$ 571,410</u>

The bank balance of the primary government's deposits is \$928,637, of which \$200,000 is covered by Federal depository insurance and \$628,637 was uncollateralized with securities held by the city's agent in the city's name. The bank balance of the component units' deposits is \$313,229, of which \$0 is covered by Federal depository insurance and \$313,229 was uncollateralized with securities held by the city's agent in the city's name. "On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009."

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE C--DEPOSITS AND INVESTMENTS (Continued)

#### Investments Authorized by the City's Investment Policy

The city's investment policy only authorizes investment in all those that are authorized by law. The city has limited their investments to money markets. The city's investment policy contains provisions intended to limit the city's exposure to interest rate risk, credit risk, and concentration of credit risk. The board has a GASB Statement No. 40 compliant investment policy.

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the city manages its exposure to interest rate risk is by participating in two money markets which hold diverse investments that local units of government are authorized by law for direct investment.

As of June 30, 2008, the city had the following investments:

	REPORTED AMOUNT (FAIR VALUE)	
	Primary Government	Component Units
Investments		
Money Market (MM)	\$ 1,991	
Government Operating MM	2,086,125	\$ 258,180
Total Primary Government	<u>\$2,088,116</u>	<u>\$ 258,180</u>

#### Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Money Market and Government Operating Money Market issued through Chase Bank totaling \$1,065,843 have received an Aaa rating from Moody's Investors Service and the Government Operating Money Market issued through MBIA totaling \$1,280,453 have received an AAA rating from Fitch Ratings.

The city's investment policy requires assets to be diversified to eliminate the risk of loss resulting from over concentration in a specific maturity, individual financial institution(s), or a specific class of securities.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE C--DEPOSITS AND INVESTMENTS (Continued)

##### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law does not contain requirements that would limit the exposure to custodial credit risk for deposits. However, the asset diversification requirements included in the city's investment policy would limit, to some extent, exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law does not contain legal requirements that would limit the exposure to custodial credit risk for investments. However, the city's investment policy does contain a safekeeping and custody section that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

#### NOTE D--PROPERTY TAXES

Property taxes are levied on each July 1st on the taxable valuation of property located in the city as of the preceding December 31st. The city's property taxes were levied and collectible on July 1, 2007. It is the policy of the City of Williamston to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2007 State Taxable Valuation was \$120,837,571 (net of captured taxes), on which ad valorem taxes levied consisted of 15.1342 mills and raised \$1,723,522 for city operations. This is recorded as revenue in the General Fund, which also includes mobile home specific taxes, penalties, interest and administrative fees for a total of \$1,793,990 (net of tax tribunal refunds and DDA captured taxes of \$102,657).

#### NOTE E--RECEIVABLES

##### Special Assessments Receivable-Governmental Funds

The city collects special assessments in the General Fund and the Sewer Fund to collect for expenses incurred by the township to replace sidewalks and create the sewer system. As of June 30, 2008, the General Fund had a special assessment receivable balance of \$487 offset by deferred revenue. The Sewer Fund has special assessments receivable of \$89,024.



CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE E--RECEIVABLES (Continued)

Accounts Receivable

The accounts receivable for the township are recorded in the Sewer and Water Fund. The receivable is based on the sewer and water services provided by the city. The receivables do not have an allowance for doubtful accounts because any receivables not collected are placed on the customer's tax bill. The receivable for the Sewer and Water Fund is \$133,550 and \$106,614, respectively.

NOTE F--CAPITAL ASSETS

Primary Government

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 373,217			\$ 373,217
Land Improvements	317,395			317,395
Construction in Progress	695,505	\$ 26,000	\$ 638,362	83,143
Subtotal	<u>1,386,117</u>	<u>26,000</u>	<u>638,362</u>	<u>773,755</u>
Capital Assets Being Depreciated				
Land Improvements	257,036	30,590		287,626
Buildings	506,786			506,786
Office Equipment	59,579	27,219		86,798
Machinery and Equipment	363,039	139,500	129,000	373,539
Vehicles	730,682	37,391	67,604	700,469
Infrastructure	2,657,929	898,029		3,555,958
Subtotal	<u>4,575,051</u>	<u>1,132,729</u>	<u>196,604</u>	<u>5,511,176</u>
Less Accumulated Depreciation for				
Land Improvements	180,802	14,374		195,176
Buildings	233,608	11,513		245,121
Office Equipment	59,408	6,975		66,383
Machinery and Equipment	297,969	31,835	129,000	200,804
Vehicles	522,752	77,507	67,604	532,655
Infrastructure	87,545	99,449		186,994
Subtotal	<u>1,382,084</u>	<u>241,653</u>	<u>196,604</u>	<u>1,427,133</u>
Net Capital Assets Being Depreciated	<u>3,192,967</u>	<u>891,076</u>	<u>-</u>	<u>4,084,043</u>
Total Capital Assets--Net of Depreciation	<u>\$ 4,579,084</u>	<u>\$ 917,076</u>	<u>\$ 638,362</u>	<u>\$4,857,798</u>

## CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the primary government as follows:

	<u>Amount</u>
Governmental Activities	
General Government	\$ 13,717
Public Safety	27,099
Public Works	196,852
Culture and Recreation	<u>3,985</u>
Total Depreciation--Governmental Activities	<u><u>\$ 241,653</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated				
Land--Sewer	\$ 18,692			\$ 18,692
Land--Water	417,865			417,865
Construction in Progress--Sewer	334,563		\$ 334,563	-
Construction in Progress--Water	<u>1,417,475</u>		<u>1,417,475</u>	<u>-</u>
Subtotal	<u>2,188,595</u>	<u>\$ -</u>	<u>1,752,038</u>	<u>436,557</u>
Capital Assets Being Depreciated				
Sewer System	13,570,317	377,674		13,947,991
Water System	3,063,439	1,654,846		4,718,285
Sewer Equipment	201,101	77,772		278,873
Water Equipment	<u>341,386</u>	<u>6,545</u>		<u>347,931</u>
Subtotal	<u>17,176,243</u>	<u>2,116,837</u>	<u>-</u>	<u>19,293,080</u>
Less Accumulated Depreciation for				
Sewer System	3,854,050	279,447		4,133,497
Water System	799,969	65,433		865,402
Sewer Equipment	112,306	10,152		122,458
Water Equipment	<u>126,572</u>	<u>11,202</u>		<u>137,774</u>
Subtotal	<u>4,892,897</u>	<u>366,234</u>	<u>-</u>	<u>5,259,131</u>
Net Capital Assets Being Depreciated	<u>12,283,346</u>	<u>1,750,603</u>	<u>-</u>	<u>14,033,949</u>
Total Capital Assets--Net of Depreciation	<u><u>\$14,471,941</u></u>	<u><u>\$ 1,750,603</u></u>	<u><u>\$ 1,752,038</u></u>	<u><u>\$ 14,470,506</u></u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Depreciation expense was charged to business-type programs of the primary government as follows:

Business-Type Funds	
Water	\$289,599
Sewer	<u>76,635</u>
Total Business-Type Funds	<u>\$366,234</u>

Component Units

Capital asset activity of the Economic Development Corporation (EDC) for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	<u>\$ 30,000</u>	<u></u>	<u>\$30,000</u>	<u>-</u>
Subtotal	<u>30,000</u>	<u>\$ -</u>	<u>30,000</u>	<u>\$ -</u>
Capital Assets Being Depreciated				
Land Improvements	15,510			15,510
Buildings	1,014,165			1,014,165
Machinery and Equipment	<u>16,941</u>	<u>16,954</u>	<u>16,941</u>	<u>16,954</u>
Subtotal	<u>1,046,616</u>	<u>16,954</u>	<u>16,941</u>	<u>1,046,629</u>
Less Accumulated Depreciation for				
Land Improvements	5,880	722		6,602
Buildings	243,259	29,553		272,812
Machinery and Equipment	<u>4,235</u>	<u>4,238</u>	<u>4,235</u>	<u>4,238</u>
Subtotal	<u>253,374</u>	<u>34,513</u>	<u>4,235</u>	<u>283,652</u>
Net Capital Assets Being Depreciated	<u>793,242</u>	<u>(17,559)</u>	<u>12,706</u>	<u>762,977</u>
Total Capital Assets--Net of Depreciation	<u>\$ 823,242</u>	<u>\$ (17,559)</u>	<u>\$42,706</u>	<u>\$ 762,977</u>

Depreciation expense for the year was \$34,513.

CITY OF WILLIAMSTON  
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Capital asset activity of the TIFA 2A for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 62,871			\$ 62,871
Subtotal	<u>62,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>62,871</u>
Capital Assets Being Depreciated				
Land Improvements	<u>55,879</u>			<u>55,879</u>
Subtotal	<u>55,879</u>	<u>-</u>	<u>-</u>	<u>55,879</u>
Less Accumulated Depreciation for				
Land Improvements	<u>5,588</u>	<u>1,862</u>		<u>7,450</u>
Subtotal	<u>5,588</u>	<u>1,862</u>	<u>-</u>	<u>7,450</u>
Net Capital Assets Being Depreciated	<u>50,291</u>	<u>1,862</u>		<u>48,429</u>
Total Capital Assets--Net of Depreciation	<u><u>\$ 113,162</u></u>	<u><u>\$ (1,862)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 111,300</u></u>

Depreciation expense for the year was \$1,862.

CITY OF WILLIAMSTON  
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Capital asset activity of the TIFA 2B for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	<u>\$112,694</u>	<u>\$ 30,000</u>	<u>          </u>	<u>\$142,694</u>
Subtotal	<u>112,694</u>	<u>-</u>	<u>\$ -</u>	<u>142,694</u>
Capital Assets Being Depreciated				
Land Improvements	<u>4,491</u>			<u>4,491</u>
Buildings	<u>110,157</u>			<u>110,157</u>
Subtotal	<u>114,648</u>	<u>-</u>	<u>-</u>	<u>114,648</u>
Less Accumulated Depreciation for				
Land Improvements	<u>1,796</u>	<u>449</u>		<u>2,245</u>
Buildings	<u>16,524</u>	<u>5,508</u>		<u>22,032</u>
Subtotal	<u>18,320</u>	<u>5,957</u>	<u>-</u>	<u>24,277</u>
Net Capital Assets Being Depreciated	<u>96,328</u>	<u>(5,957)</u>		<u>90,371</u>
Total Capital Assets--Net of Depreciation	<u><u>\$209,022</u></u>	<u><u>\$ (5,957)</u></u>	<u><u>\$ -</u></u>	<u><u>\$233,065</u></u>

Depreciation expense for the year was \$5,957.

## CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Capital asset activity of the Downtown Development Authority (DDA) for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 144,093			\$ 144,093
Land Improvements	153,855			153,855
Construction in Progress		\$ 3,500		3,500
Subtotal	<u>297,948</u>	<u>3,500</u>	<u>\$ -</u>	<u>301,448</u>
Capital Assets Being Depreciated				
Land Improvements	954,750	18,243		972,993
Buildings	155,708			155,708
Machinery and Equipment	14,000			14,000
Subtotal	<u>1,124,458</u>	<u>18,243</u>	<u>-</u>	<u>1,142,701</u>
Less Accumulated Depreciation for				
Land Improvements	233,914	36,778		270,692
Buildings	71,181	4,449		75,630
Machinery and Equipment	14,000			14,000
Subtotal	<u>319,095</u>	<u>41,227</u>	<u>-</u>	<u>360,322</u>
Net Capital Assets Being Depreciated	<u>805,363</u>	<u>(22,984)</u>	<u>-</u>	<u>782,379</u>
Total Capital Assets--Net of Depreciation	<u>\$1,103,311</u>	<u>\$(19,484)</u>	<u>\$ -</u>	<u>\$1,083,827</u>

Depreciation expense for the year was \$41,227.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE G--INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The amounts of the interfund receivables and payables between funds of the primary government and component units are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Primary Government			
General	\$ 121,318	General	\$ 15,703
Local Street	1,188	Major Street	192,818
Non-Major Governmental	15,702	Local Street	12,233
Water	190,520	Sewer	68,713
		Water	36,027
		Agency	3,234
Total Primary Government	<u>\$ 328,728</u>		<u>\$ 328,728</u>
Primary Government		Component Units	
General	\$ 944	Tax Increment Finance Authority 2B	\$ 454
		Economic Development Corporation	490
Total Primary Government	<u>\$ 944</u>	Total Component Units	<u>\$ 944</u>
Component Units		Primary Government	
Tax Increment Finance Authority 2A	25	General	22,151
Downtown Development Authority	22,417	Agency	291
Total Component Units	<u>\$ 22,442</u>	Total Primary Government	<u>\$ 22,442</u>

The 2008 operating transfers from Exhibits D, F and J can be summarized as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Funds</u>	<u>Transfers (Out)</u>
Primary Government			
Local Street	\$ 83,850	General	\$ 61,100
Non-Major Governmental	140,985	Major Street	37,750
Sewer	121,945	Local Street	125,985
		Water	121,945
Total Primary Government	<u>346,780</u>		<u>346,780</u>
Primary Government		Component Units	
Sewer	13,065	Tax Increment Finance Authority 2A	13,065
General	39,650	Tax Increment Finance Authority 2B	39,650
Total Primary Government	<u>52,715</u>	Total Component Units	<u>52,715</u>
Total Reporting Entity	<u>\$399,495</u>		<u>\$399,495</u>

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE H--LONG-TERM DEBT

The city issues bonds to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the city. City contractual agreements and installment purchase agreements are also general obligations of the city. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the city is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

<u>Governmental Activities</u>	<u>Balance 07/01/07</u>	<u>Additions (Reductions)</u>	<u>Balance 06/30/08</u>	<u>Due Within One Year</u>
\$1,395,000, 2002 Series, General Obligation Limited Tax Bonds. Due in 19 annual installments at interest ranging between 4.50% through 5.10% for Tobias/Linn Drain Sewer System at large.	\$ 1,285,000	\$ (40,000)	\$ 1,245,000	\$ 45,000
\$250,000, 2003 Series, Michigan Transportation Fund Bonds, Due in 14 annual installments at interest ranging between 3.00% through 4.35% for major street improvements.	230,000	(15,000)	215,000	15,000
\$983,236 2002 Special Assessment for Tobias/Linn Road project payable to Ingham County Drain Commission. Due in 20 annual decreasing installments at interest rate of 5.00%.	737,427	(49,162)	688,265	49,162
Capital Lease Agreement \$195,050. To purchase a Vactor sewer cleaner, payable in 5 years to Vactor Manufacturing, Inc., at an interest rate of 3.83%.	40,447	(40,447)	-	
Vested Employee Benefits Payable	<u>51,550</u>	<u>4,698</u>	<u>56,248</u>	
Total Governmental Activities	<u>\$ 2,344,424</u>	<u>\$ (139,911)</u>	<u>\$ 2,204,513</u>	<u>\$ 109,162</u>



## CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

<u>Business-Type Activities</u>	<u>Balance 07/01/07</u>	<u>Additions (Reductions)</u>	<u>Balance 06/30/08</u>	<u>Due Within One Year</u>
\$850,000, 1996 Series, Revenue Bonds (Water and Sewer Improvements), due in annual installments at interest rates between 4% through 5.7%.	\$ 500,000	\$ (45,000)	\$ 455,000	\$ 45,000
\$585,000, 1996 Series, Special Assessment Limited Tax Bonds, due in annual installments at interest rates between 5% through 8% (Net of Amortization of \$10,919).	187,521	(38,440)	149,081	40,000
\$3,700,000, 2001 Series, General Obligation Unlimited Tax Refunding Bonds. Issued 2001 General Obligation Refunding Bonds leaving a balance of \$3,700,000 in 2001. Due in 18 annual installments at interest rates between 3% through 4.7% (Net of Amortization of \$129,346).	3,347,719	(202,065)	3,145,654	180,000
\$550,000, 2004 Series, Revenue Bonds (Water Supply System Improvements and Extensions), payable in 20 years at interest rates between 3.20% and 5.00%.	535,000	(10,000)	525,000	10,000
\$900,000, 2005 Series, Revenue Bonds (Water Supply System Improvements and Extensions), payable in 25 years at interest rates between 3.00% and 5.00%.	860,000	(20,000)	840,000	25,000
Vested Employee Benefits Payable	2,458		2,458	
Total Business-Type Activities	<u>\$ 5,432,698</u>	<u>\$ (315,505)</u>	<u>\$ 5,117,193</u>	<u>\$ 300,000</u>

## CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

<u>Component Unit Activities</u>	<u>Balance 07/01/07</u>	<u>Additions (Reductions)</u>	<u>Balance 06/30/08</u>	<u>Due Within One Year</u>
<u>Downtown Development Authority (DDA)</u>				
\$1,945,000, 1999 Series, Limited Tax General Obligation Downtown Development Refunding Bonds. Due in 25 annual installments at interest rates ranging between 3.4% through 4.95%.	\$ 1,715,000	\$ (70,000)	\$ 1,645,000	\$ 65,000
\$425,000, 1994 Series, Limited Tax General Obligation Downtown Development Bonds. Issued 2004 DDA Refunding Bonds leaving a balance due of \$405,000 in 2004. Due in 20 annual installments at interest rates between 2.0% through 5.0%.	<u>365,000</u>	<u>(15,000)</u>	<u>350,000</u>	<u>20,000</u>
Total Downtown Development Authority	<u>\$ 2,080,000</u>	<u>\$ (85,000)</u>	<u>\$ 1,995,000</u>	<u>\$ 85,000</u>
<u>Economic Development Coporation (EDC)</u>				
Mortgage payable \$490,000. To purchase a parcel of land and certain improvements to house some city offices, payable in monthly installments over a period of 15 years at an interest rate of 5.75%.	<u>\$ 382,993</u>	<u>\$ (43,425)</u>	<u>\$ 339,568</u>	<u>\$ 46,510</u>
Total Economic Development Corporation	<u>\$ 382,993</u>	<u>\$ (43,425)</u>	<u>\$ 339,568</u>	<u>\$ 46,510</u>
Total Component Unit Activities	<u>\$ 2,462,993</u>	<u>\$ (128,425)</u>	<u>\$ 2,334,568</u>	<u>\$ 131,510</u>
Total Reporting Entity Activities	<u>\$ 10,240,115</u>	<u>\$ (580,161)</u>	<u>\$ 9,659,954</u>	<u>\$ 540,672</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

The debt service requirements to maturity for the city's debt obligations outstanding at June 30, 2008, are as follows:

Annual Debt Service Requirements--Governmental Activities

General Obligation Limited Tax Bonds, Series 2002

Date of Issue: March 1, 2002

Amount: \$1,395,000

Year	Principal 1-May	Interest		Annual Total
		1-May	1-Nov	
2008			\$ 30,209	\$ 30,209
2009	\$ 45,000	\$ 30,209	29,196	104,405
2010	50,000	29,196	28,071	107,267
2011	55,000	28,071	26,820	109,891
2012	60,000	26,820	25,455	112,275
2013-2017	410,000	110,147	100,392	620,539
2018-2022	<u>625,000</u>	<u>49,079</u>	<u>33,379</u>	<u>707,458</u>
Total	<u>\$ 1,245,000</u>	<u>\$ 273,522</u>	<u>\$ 273,522</u>	<u>\$ 1,792,044</u>

2003 Act 175 Michigan Transportation Fund Bonds

Date of Issue: February 1, 2003

Amount: \$250,000

Year	Principal 1-Aug	Interest		Annual Total
		1-Aug	1-Feb	
2008	\$ 15,000	\$ 4,141		\$ 19,141
2009	15,000	3,916	\$ 3,688	22,604
2010	15,000	3,688	3,436	22,124
2011	15,000	3,436	3,170	21,606
2012-17	110,000	9,890	7,639	127,529
2018	<u>25,000</u>	<u>544</u>		<u>25,544</u>
Total	<u>\$215,000</u>	<u>\$ 28,785</u>	<u>\$ 20,728</u>	<u>\$264,513</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

2002 Tobias/Linn Road Special Assessment

Date of Issue: November 1, 2002

Amount: \$983,236

<u>Year</u>	<u>Principal Nov</u>	<u>Interest Nov</u>	<u>Annual Total</u>
2008	\$ 49,162	\$ 34,413	\$ 83,575
2009	49,162	31,955	81,117
2010	49,162	29,497	78,659
2011	49,162	27,039	76,201
2012	49,162	24,581	73,743
2013-17	245,810	86,033	331,843
2018-21	<u>196,648</u>	<u>24,580</u>	<u>221,228</u>
Total	<u>\$ 688,268</u>	<u>\$258,098</u>	<u>\$ 946,366</u>

Annual Principal and Interest Requirements--Business-Type Funds

The enterprise funds' annual requirements to pay the principal and interest on the city's direct long-term debt obligations outstanding at June 30, 2008, are as follows:

Revenue Bonds Water/Sewer Improvements, Series 1996 (Sewer Fund)

Date of Issue: February 26, 1996

Amount: \$850,000

<u>Year</u>	<u>Principal 1-Mar</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>1-Mar</u>	<u>1-Sep</u>	
2008			\$ 12,619	\$ 12,619
2009	\$ 45,000	\$ 12,619	11,438	69,057
2010	50,000	11,438	10,100	71,538
2011	50,000	10,100	8,750	68,850
2012	55,000	8,750	7,238	70,988
2013-2016	<u>255,000</u>	<u>18,637</u>	<u>11,399</u>	<u>285,036</u>
Total	<u>\$ 455,000</u>	<u>\$ 61,544</u>	<u>\$ 61,544</u>	<u>\$ 578,088</u>

## CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)1996 Sewer Special Assessment Bonds (Sewer Fund)

Date of Issue: November 1, 1996

Amount: \$585,000

Unamortized Bond Discount at June 30, 2008: \$10,919

Current Year Amortized Cost: \$1,560

Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2008	\$ 40,000	\$ 4,000	\$ 4,000	\$ 48,000
2009	40,000	3,000	3,000	46,000
2010	40,000	2,000	2,000	44,000
2011	40,000	1,000	1,000	42,000
Total	<u>\$ 160,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 180,000</u>

General Obligation Unlimited Tax Refunding Bonds, Series 2001

Date of Issue: September 27, 2001

Amount: \$3,700,000

Unamortized Bond Discount at June 30, 2008: \$129,346

Current Year Amortized Cost: \$12,935

Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2008	\$ 180,000		\$ 72,987	\$ 252,987
2009	205,000	\$ 69,274	69,274	343,548
2010	235,000	64,918	64,918	364,836
2011	265,000	59,777	59,777	384,554
2012	300,000	54,146	54,146	408,292
2013-2017	<u>2,090,000</u>	<u>154,227</u>	<u>154,227</u>	<u>2,398,454</u>
Total	<u>\$3,275,000</u>	<u>\$ 402,342</u>	<u>\$ 475,329</u>	<u>\$ 4,152,671</u>

Defeased Debt

In 2001, the city defeased the 1991 Series Bonds by placing the proceeds of new bonds (\$3,700,000) in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2007, \$3,400,000 of 1991 series bonds outstanding are considered defeased.

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

2004 Water Supply and Sewage Disposal System Revenue Bonds

Date of Issue: December 27, 2004

Amount: \$550,000

Year	Principal 1-Mar	Interest		Annual Total
		1-Mar	1-Sep	
2008			\$ 11,998	\$ 11,998
2009	\$ 10,000	\$ 11,998	11,748	33,745
2010	15,000	11,748	11,508	38,255
2011	15,000	11,508	11,252	37,760
2012	15,000	11,252	10,983	37,235
2013-17	90,000	51,700	49,895	191,595
2018-22	115,000	41,153	38,559	194,712
2023-27	55,000	28,311	26,977	110,288
2028-30	210,000	15,750	10,500	236,250
Total	<u>\$ 525,000</u>	<u>\$ 183,419</u>	<u>\$ 183,419</u>	<u>\$ 891,837</u>

2005 Water Supply and Sewage Disposal System Revenue Bonds

Date of Issue: June 1, 2005

Amount: \$900,000

Fiscal Year	Principal 1-Mar	Interest		Annual Total
		1-Mar	1-Sep	
2008			\$ 18,554	\$ 18,554
2009	\$ 25,000	\$ 18,554	18,148	61,701
2010	25,000	18,148	17,729	60,876
2011	25,000	17,729	17,298	60,026
2012	25,000	17,298	16,847	59,145
2013-2017	150,000	78,907	75,973	304,880
2018-2022	185,000	61,890	57,815	304,705
2023-2027	235,000	38,607	33,019	306,626
2028-2030	170,000	8,625	4,375	183,000
Total	<u>\$ 840,000</u>	<u>\$ 259,757</u>	<u>\$ 259,757</u>	<u>\$ 1,359,514</u>

CITY OF WILLIAMSTON

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Annual Debt Service Requirements--Component Units

The annual requirements to pay the principal and interest on the component units direct long-term debt obligations outstanding at June 30, 2008, are as follows:

1999 Downtown Development Refunding Bonds

Date of Issue: May 20, 1999

Amount: \$1,945,000

Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2008	\$ 65,000		\$ 38,614	\$ 103,614
2009	70,000	\$ 37,216	37,216	144,432
2010	75,000	35,711	35,711	146,422
2011	80,000	34,099	34,099	148,198
2012	85,000	32,319	32,319	149,638
2013-2017	575,000	163,310	163,310	901,620
2018-2022	635,000	66,347	66,347	767,694
2023	145,000	3,589	3,589	152,178
Total	<u>\$1,645,000</u>	<u>\$ 340,272</u>	<u>\$ 378,886</u>	<u>\$2,364,158</u>

2004 Downtown Development Refunding Bonds

Date of Issue: February 18, 2004

Amount: \$405,000

Year	Principal 1-Nov	Interest		Annual Total
		1-May	1-Nov	
2008	\$ 20,000		\$ 7,410	\$ 27,410
2009	20,000	\$ 7,135	7,135	34,270
2010	20,000	6,835	6,835	33,670
2011	20,000	6,510	6,510	33,020
2012	20,000	6,160	6,160	32,320
2013-2017	105,000	24,435	24,435	153,870
2018-2022	120,000	12,825	12,825	145,650
2023	25,000	625	625	26,250
Total	<u>\$ 350,000</u>	<u>\$ 64,525</u>	<u>\$ 71,935</u>	<u>\$ 486,460</u>

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE H--LONG-TERM DEBT (Continued)

On February 8, 2004, the city issued \$405,000 in Downtown Development Refunding Bonds, Series 2004, with an average interest rate of 3.755 percent to refund \$365,000 of outstanding 1994 Downtown Development Bonds, Series 1994, with an average interest rate of 6.772 percent. The net proceeds of \$384,429 (after the payment of \$20,751 in underwriting fees and related bond issuance costs), were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 bonds are considered to be defeased and the liability for those bonds has been removed from the component unit column of the Statement of Net Assets. The city refunded the 1994 Series bonds to reduce its total debt service payments over the next 20 years by \$77,914 and resulted in an economic gain of \$51,649.

### Economic Development Corporation (EDC)

#### Note Payable--Real Estate

Date of Issue: September 29, 2004

Amount: \$490,000

Fiscal Year Ended 30-Jun	Principal Payments	Interest Payments	Annual Total
2009	\$ 46,510	\$ 18,870	\$ 65,380
2010	49,354	16,026	65,380
2011	52,372	13,008	65,380
2012	55,575	9,805	65,380
2013	58,973	6,407	65,380
2014-2015	<u>76,784</u>	<u>2,911</u>	<u>79,695</u>
Total	<u>\$339,568</u>	<u>\$ 67,027</u>	<u>\$406,595</u>

Effective for the fiscal year ended June 30, 2002, the Economic Development Corporation assumed a mortgage from the General Fund. On September 29, 2004, the city refinanced the old mortgage, which had a balance of \$487,791 on June 30, 2004. The new loan balance of \$490,000 is payable in 120 monthly installments beginning on October 29, 2004. The interest rate on this loan is 5.95% for the first five years; thereafter, the fixed rate is the greater of (a) 5.95% or (b) two percentage points over the rate on five year U.S. Treasury obligation existing on the fifth anniversary of the date of the note.



# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE H--LONG-TERM DEBT (Continued)

#### Debt Covenants

The city's five revenue bonds issued include covenants to set aside amounts in bond reserve funds. At June 30, 2008, there was \$6,941, \$13,394, \$78,271, \$45,334 and \$44,915 in separate bank accounts for the bond reserves for the 2004 DDA Refunding Bond, 1994 DDA Water and Sewer Improvement Revenue Bonds, 1996 Water and Sewer Improvement Revenue Bonds, 2004 Water and Sewer Improvement Revenue Bonds, and the 2005 Water and Sewer Improvement Revenue Bonds, respectively. These bonds reserves are reported as "Restricted Cash" in the Statement of Net Assets for the respective funds.

#### No Commitment Debt

Excluded from the long-term debt are revenue bonds issued by the Economic Development Corporation to acquire and lease property to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the city. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the city's financial statements. Information regarding the status of the bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. The amount outstanding at June 30, 2008 is \$200,000.

### NOTE I--COMPENSATED ABSENCES

#### Vested Employee Benefits Payable

The city has an accrued liability for accumulated vested vacation and sick leave benefits payable for its employees. As of June 30, 2008, the accumulated vested vacation and sick leave benefits of the city's employees were as follows:

#### Vested Employee Benefits Payable--Primary Government

	Sick/Personnel Leave	Vacation Leave	Total
General Government	\$ 7,419	\$14,231	\$21,650
Public Safety	4,427	8,664	13,091
Public Works--General Fund	10,224	11,283	21,507
Public Works--Sewer Fund	1,473	985	2,458
Total	<u>\$23,543</u>	<u>\$35,163</u>	<u>\$58,706</u>

These amounts are reported in the Statement of Net Assets as a noncurrent liability in the governmental (General Government and Public Works) and business-type activities (Public Works--Sewer Enterprise Fund).

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE I--COMPENSATED ABSENCES (Continued)

City employees are entitled to certain vacation and sick pay benefits that accrue and vest under the terms of the city's labor agreements and personnel policy.

Vacation leave is earned in varying amounts ranging from 1 to 5 five weeks depending on the number of years of service provided by the employee and is available on the employee's anniversary date. With supervisory approval, employees may carry over a maximum of one week to the subsequent period.

Sick leave is earned by all city employees at the rate of 12 days annually with each day being made available as of the last day of the month. A maximum of 24 days may be accrued. Upon retirement, employees are paid one-half of their accumulated unused sick leave.

#### NOTE J--EMPLOYEES' RETIREMENT SYSTEM

##### PRIMARY GOVERNMENT

##### Description of Plan and Plan Assets

The City of Williamston is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement for General employees is computed using credited service at the time of termination of membership multiplied by the sum of 2% times the final average compensation (FAC). The service requirement for Non-Union employees is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% of (FAC), with a maximum benefit of 80% of FAC. The service requirement for Police and Non-Union Classified employees is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% of (FAC), with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the calendar year ended December 31, 2007.

MERS was organized pursuant to Section 12a of Public Act 156 of 1851, as amended (MCL 46.12a), State of Michigan. MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

#### Funding Policy

General employees contribute 4.75%, Police contribute 8.00%, Non-Union employees contribute 7.00% and Non-Union Classified employees contribute 9.90% of their annual compensation, respectively. The city's pension contributions of covered payroll for the period ending December 31, 2007 were 6.92% for General employees, 21.90% for Police, 7.31% for Non-Union Employees, and \$1,212 annually for Non-Union Classified employees, respectively.

If a member leaves the employment of the municipality or dies, without a retirement allowance or other benefit payable on his/her account, the member's accumulated contributions plus interest (at a rate determined by MERS, currently 1.5%) are refunded with spousal consent, to the member, if living, or to the member's surviving spouse, if any, or to a named beneficiary.

#### Annual Pension Cost

During the calendar year ended December 31, 2007, the city's contributions totaled \$107,678 and the employee contributions totaled \$63,276; these contributions were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2005 and personnel agreement. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his/her projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% plus a percentage based on an age-related scale to reflect merit, longevity, and promotional salary increases.

#### Three Year Trend Information for GASB Statement No. 27

<u>Year Ended 12/31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 101,858	100%	\$0
2006	109,160	100%	\$0
2007	107,678	100%	\$0

# CITY OF WILLIAMSTON

## NOTES TO FINANCIAL STATEMENTS

### NOTE J--EMPLOYEES' RETIREMENT SYSTEM (Continued)

#### Required Supplementary Information for GASB Statement No. 27

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/2005	\$2,195,366	\$3,261,272	\$ 1,065,906	67%	\$ 960,057	111%
12/31/2006	2,351,728	3,471,017	1,119,289	68%	944,214	119%
12/31/2007	2,480,673	3,560,429	1,079,756	70%	847,111	127%

### NOTE K--DEFERRED COMPENSATION PLAN

#### Primary Government

The City of Williamston offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan are held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the ICMA Retirement Corporation for the exclusive benefit of the participants and beneficiaries of these Section 457 plans and the assets may not be diverted to any other use. The administrator is an agent of the employer. The administrator provides direction to the custodian, from time to time, regarding the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the city's financial statements. The city also has a 401A Qualified Plan, which covers only a former city manager. The custodial account is also held by the ICMA Retirement Corporation.

### NOTE L--POST EMPLOYMENT BENEFITS

The city provides post-employment health benefits, in accordance with the collective bargaining agreement with the Fraternal Order of Police. According to the agreement, employees hired before July 1, 2005 who retire during the period of this agreement and who are immediately eligible for retirement benefits shall be provided single subscriber health and hospitalization coverage as provided to active employees under this agreement. Single subscriber health and hospitalization coverage for employees hire before July 1, 2005 will continue until the retiree is eligible of Medicaid/Medicare coverage. Spousal coverage will be available under the same plan provided the retiree with the retiree paying any cost to the employer. For employees hired after June 30, 2005, the employer will contribute \$750 per year into a Health Reimbursement Account which the employee will have full access to upon retirement from the city. Currently, 3 retirees met those eligibility requirements. Expenditures for post-employment health care benefits are recognized when insurance premiums are paid. Premiums paid by the city in 2008 totaled \$23,353 less \$8,825 reimbursed by retirees for a net total cost of \$14,528.

## CITY OF WILLIAMSTON

### NOTES TO FINANCIAL STATEMENTS

#### NOTE M--RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

##### PRIMARY GOVERNMENT

The city and its component units are exposed to various risks of loss related to theft of, damage to, and distribution of assets, error and omissions, and injuries to employees. The city participates in the Michigan Municipal Liability and Property Pool (Pool) for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Local units in the State of Michigan established and created a trust fund, known as the Michigan Municipal Liability and Property Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to member financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the state.

The Michigan Municipal Liability and Property Pool program operates as a common risk-sharing management program for local units in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT K**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 1,780,500	\$ 1,780,500	\$ 1,812,865	\$ 32,365
Licenses and Permits	20,000	20,000	20,704	704
Federal Grants			5,307	5,307
State Grants	307,200	307,200	321,989	14,789
Charges for Services	16,500	16,500	18,767	2,267
Fines and Forfeitures	9,000	9,000	10,817	1,817
Interest and Rentals	100,500	100,500	230,500	130,000
Other Revenue	320,000	320,000	335,793	15,793
<b>Total Revenues</b>	<u>2,553,700</u>	<u>2,553,700</u>	<u>2,756,742</u>	<u>203,042</u>
<b>Expenditures</b>				
Current				
General Government	944,685	1,017,185	929,609	87,576
Public Safety	534,275	704,275	691,006	13,269
Public Works	394,350	506,100	441,074	65,026
Community and Economic Development	152,700	117,700	113,702	3,998
Recreation and Cultural	70,250	88,000	102,514	(14,514)
Capital Outlay	2,671,500	346,500	260,700	85,800
Debt Service				
Principal	40,450	40,450	40,447	3
Interest and Fiscal Fees	1,550	1,550	1,549	1
<b>Total Expenditures</b>	<u>4,809,760</u>	<u>2,821,760</u>	<u>2,580,601</u>	<u>241,159</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(2,256,060)</u>	<u>(268,060)</u>	<u>176,141</u>	<u>(444,201)</u>
<b>Other Financing Sources (Uses)</b>				
Bond Proceeds	2,150,000			-
Interfund Transfers In	7,500	7,500	39,650	(32,150)
Interfund Transfers (Out)	(71,600)	(55,600)	(61,100)	(5,500)
<b>Total Other Financing Sources (Uses)</b>	<u>2,085,900</u>	<u>(48,100)</u>	<u>(21,450)</u>	<u>(26,650)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(170,160)</u>	<u>(316,160)</u>	<u>154,691</u>	<u>(470,851)</u>
<b>Fund Balance--July 1, 2007</b>	<u>1,254,141</u>	<u>1,254,141</u>	<u>1,254,141</u>	<u>-</u>
<b>Fund Balance--June 30, 2008</b>	<u>\$ 1,083,981</u>	<u>\$ 937,981</u>	<u>\$ 1,408,832</u>	<u>\$ (470,851)</u>

The Notes to Financial Statements are an integral part of this statement.

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR STREET--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT L**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Revenues				
Federal Grants				
Community Development Block Grant	-	-	\$ 196,916	\$ 196,916
State Grants				
MTF Distributions	\$ 160,000	\$ 160,000	151,777	(8,223)
Metro Act	-	-	9,656	9,656
Interest and Rentals	4,000	4,000	2,745	(1,255)
Other Revenue	-	-	524	524
Total Revenues	<u>164,000</u>	<u>164,000</u>	<u>361,618</u>	<u>197,618</u>
Expenditures				
Public Works				
Preservation/Structural Improvements	-	65,000	259,667	(194,667)
Surface Maintenance	16,650	32,650	27,779	4,871
Sweeping/Flushing	17,950	17,950	16,439	1,511
Bridge Maintenance	-	-	-	-
Traffic Control	5,675	14,175	10,737	3,438
Winter Maintenance	42,250	42,250	36,116	6,134
Administration	22,950	8,950	7,438	1,512
Total Expenditures	<u>105,475</u>	<u>180,975</u>	<u>358,176</u>	<u>(177,201)</u>
Excess of Revenues Over (Under) Expenditures	<u>58,525</u>	<u>(16,975)</u>	<u>3,442</u>	<u>20,417</u>
Other Financing Sources (Uses)				
Interfund Transfers (Out)	<u>(37,750)</u>	<u>(37,750)</u>	<u>(37,750)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(37,750)</u>	<u>(37,750)</u>	<u>(37,750)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	20,775	(54,725)	(34,308)	20,417
Fund Balance--July 1, 2007	<u>164,563</u>	<u>164,563</u>	<u>164,563</u>	<u>-</u>
Fund Balance--June 30, 2008	<u>\$ 185,338</u>	<u>\$ 109,838</u>	<u>\$ 130,255</u>	<u>\$ 20,417</u>

**The Notes to Financial Statements are an integral part of this statement.**

**CITY OF WILLIAMSTON**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL STREET--MAJOR SPECIAL REVENUE FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT M**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Revenues				
State Grants--MTF Distributions	\$ 52,000	\$ 49,500	\$ 52,528	\$ 3,028
Interest and Rentals	750	750	994	244
Total Revenues	<u>52,750</u>	<u>50,250</u>	<u>53,522</u>	<u>3,272</u>
Expenditures				
Public Works				
Surface Maintenance	16,650	38,650	36,843	1,807
Sweeping/Flushing	13,025	13,025	15,267	(2,242)
Bridge Maintenance	13,075	3,075	-	3,075
Traffic Control	4,175	4,175	2,221	1,954
Winter Maintenance	30,550	35,550	37,410	(1,860)
Administration	22,250	22,250	6,773	15,477
Total Expenditures	<u>99,725</u>	<u>116,725</u>	<u>98,514</u>	<u>18,211</u>
Excess of Revenues Over (Under) Expenditures	<u>(46,975)</u>	<u>(66,475)</u>	<u>(44,992)</u>	<u>21,483</u>
Other Financing Sources (Uses)				
Interfund Transfers In	68,850	68,850	83,850	15,000
Interfund Transfers (Out)	<u>(125,985)</u>	<u>(125,985)</u>	<u>(125,985)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(57,135)</u>	<u>(57,135)</u>	<u>(42,135)</u>	<u>15,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(104,110)	(123,610)	(87,127)	36,483
Fund Balance--July 1, 2007	<u>91,088</u>	<u>91,088</u>	<u>91,088</u>	<u>-</u>
Fund Balance--June 30, 2008	<u>\$ (13,022)</u>	<u>\$ (32,522)</u>	<u>\$ 3,961</u>	<u>\$ 36,483</u>

**The Notes to Financial Statements are an integral part of this statement.**



**CITY OF WILLIAMSTON  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

**EXHIBIT N**

	<b><u>SPECIAL REVENUE FUND</u></b>	<b><u>DEBT SERVICE FUNDS</u></b>		
	Building and Zoning	2003 Act 175 Bond Debt	2003 Act 342 Bond Debt	Total
<b><u>ASSETS</u></b>				
Cash	\$ 815			\$ 815
Accounts Receivable	625			625
Due From Other Funds (Primary Government)	<u>15,680</u>	<u>\$ 5</u>	<u>\$ 17</u>	<u>15,702</u>
Total Assets	<u>\$ 17,120</u>	<u>\$ 5</u>	<u>\$ 17</u>	<u>\$ 17,142</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Accounts Payable	<u>\$ 7,400</u>	<u></u>	<u></u>	<u>\$ 7,400</u>
Total Liabilities	<u>7,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,400</u>
Fund Balances				
Reserved for				
Debt Service		5	17	22
Building and Zoning	<u>9,720</u>	<u></u>	<u></u>	<u>9,720</u>
Total Fund Balances	<u>9,720</u>	<u>5</u>	<u>17</u>	<u>9,742</u>
Total Liabilities and Fund Balances	<u>\$ 17,120</u>	<u>\$ 5</u>	<u>\$ 17</u>	<u>\$ 17,142</u>

**CITY OF WILLIAMSTON**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2008**

**EXHIBIT O**

	<b>SPECIAL REVENUE FUND</b>	<b>DEBT SERVICE FUNDS</b>		
	<u>Building and Zoning</u>	<u>2003 Act 175 Bond Debt</u>	<u>2003 Act 342 Bond Debt</u>	<u>Total</u>
Revenues				
Licenses and Permits	\$ 33,601			\$ 33,601
Charges for Services	<u>11,510</u>			<u>11,510</u>
Total Revenues	<u>45,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>45,111</u>
Expenditures				
Current				
Public Safety	96,860			96,860
Principal		15,000	40,000	55,000
Interest and Fees		<u>8,808</u>	<u>62,493</u>	<u>71,301</u>
Total Expenditures	<u>96,860</u>	<u>23,808</u>	<u>102,493</u>	<u>223,161</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(51,749)</u>	<u>(23,808)</u>	<u>(102,493)</u>	<u>(178,050)</u>
Other Financing Sources (Uses)				
Interfund Transfers In (Primary Government)	<u>15,000</u>	<u>23,810</u>	<u>102,175</u>	<u>140,985</u>
Total Other Financing				
Sources (Uses)	<u>15,000</u>	<u>23,810</u>	<u>102,175</u>	<u>140,985</u>
Excess of Revenues and Other				
Sources Over (Under)				
Expenditures and Other Uses	<u>(36,749)</u>	<u>2</u>	<u>(318)</u>	<u>(37,065)</u>
Fund Balance--July 1, 2007	<u>46,469</u>	<u>3</u>	<u>335</u>	<u>46,807</u>
Fund Balance--June 30, 2008	<u><u>\$ 9,720</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 17</u></u>	<u><u>\$ 9,742</u></u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT P**

	<b>BUDGETED AMOUNTS</b>			Variance With Amended Budget
	Original	Amended	Actual	Positive (Negative)
Property Taxes				
Current Property Taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,723,522	\$ 23,522
Penalties and Interest on Taxes	12,500	12,500	18,875	6,375
Property Tax Administration Fees	68,000	68,000	70,468	2,468
Total Property Taxes	1,780,500	1,780,500	1,812,865	32,365
Licenses and Permits				
Liquor Licenses	2,000	2,000	1,824	(176)
Cable Franchise Fee	17,000	17,000	18,270	1,270
Other Licenses and Permits	1,000	1,000	610	(390)
Total Licenses and Permits	20,000	20,000	20,704	704
Federal Grants				
Bulletproof Vest Program			5,307	5,307
Total Federal Grants	-	-	5,307	5,307
State Grants				
Michigan Arts Grant	-	-	9,600	9,600
Act 302 Officer Training	1,200	1,200	1,512	312
State Shared Revenue	306,000	306,000	310,877	4,877
Total State Grants	307,200	307,200	321,989	14,789
Charges for Services				
General Sales	1,750	1,750	1,270	(480)
Garbage Bag Sales	6,000	6,000	5,725	(275)
OUIL Alcohol Cost Recovery	500	500	-	(500)
Police Reports and Service Fees	8,000	8,000	10,549	2,549
Miscellaneous	250	250	1,223	973
Total Charges for Services	16,500	16,500	18,767	2,267
Fines and Forfeitures				
Traffic Fines	4,000	4,000	-	(4,000)
Parking Fines and Civil Infractions	5,000	5,000	10,817	5,817
Total Fines and Forfeitures	9,000	9,000	10,817	1,817
Interest and Rentals				
Interest Earned	25,500	25,500	58,704	33,204
Equipment Rental	75,000	75,000	171,796	96,796
Total Interest and Rentals	100,500	100,500	230,500	130,000

**CITY OF WILLIAMSTON**  
**STATEMENT OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT P**  
**(CONTINUED)**

	<b>BUDGETED AMOUNTS</b>			Variance With Amended Budget Positive (Negative)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Other Revenue				
Sidewalk Special Assessments	-	-	351	351
Sale of Capital Assets	60,000	60,000	27,500	(32,500)
Donations	10,000	10,000	16,494	6,494
Gain on Sale of Capital Assets	35,000	35,000	-	(35,000)
Administrative Reimbursements	209,500	209,500	214,500	5,000
Refunds and Reimbursements	5,500	5,500	76,948	71,448
Total Other Revenue	<u>320,000</u>	<u>320,000</u>	<u>335,793</u>	<u>15,793</u>
Total Revenues	<u>2,553,700</u>	<u>2,553,700</u>	<u>2,756,742</u>	<u>208,349</u>
Other Financing Sources				
Bond Proceeds	2,150,000			-
Interfund Transfers In--Component Unit	7,500	7,500	39,650	32,150
Total Other Financing Sources	<u>2,157,500</u>	<u>7,500</u>	<u>39,650</u>	<u>32,150</u>
Total Revenues and Other Financing Sources	<u>\$ 4,711,200</u>	<u>\$ 2,561,200</u>	<u>\$ 2,796,392</u>	<u>\$ 240,499</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT Q**

	<b>BUDGETED AMOUNTS</b>			Variance With Amended Budget Positive (Negative)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
General Government				
City Council	\$ 27,500	\$ 27,500	\$ 25,137	\$ 2,363
City Manager	194,500	194,500	177,985	16,515
Clerk	92,000	92,000	82,728	9,272
Treasurer	204,000	204,000	176,851	27,149
Assessor	56,100	56,100	42,673	13,427
Elections	29,800	34,800	33,899	901
Buildings and Grounds	258,785	318,785	297,247	21,538
Attorney	50,000	57,500	64,827	(7,327)
Cemetery Board	12,000	12,000	12,000	-
Wheatfield Township 425 Revenue Sharing	20,000	20,000	16,262	3,738
Total General Government	<u>944,685</u>	<u>1,017,185</u>	<u>929,609</u>	<u>87,576</u>
Public Safety				
Police	533,775	703,775	690,506	13,269
Ingham County Hazmat Team	500	500	500	-
Total Public Safety	<u>534,275</u>	<u>704,275</u>	<u>691,006</u>	<u>13,269</u>
Public Works				
Department of Public Works	40,750	125,000	103,907	21,093
Equipment Maintenance	93,500	93,500	62,387	31,113
Sidewalks	33,500	33,500	27,490	6,010
Street Lighting	60,000	60,000	52,734	7,266
City Tree Service	17,800	17,800	20,416	(2,616)
Leaf and Grass Collection	58,800	86,300	88,107	(1,807)
Tobias Drain Assessment	90,000	90,000	86,033	3,967
Total Public Works	<u>394,350</u>	<u>506,100</u>	<u>441,074</u>	<u>65,026</u>
Community and Economic Development				
Planning Commission	71,950	56,950	54,579	2,371
Community and Economic Development Administration	80,750	60,750	59,123	1,627
Total Community and Economic Development	<u>152,700</u>	<u>117,700</u>	<u>113,702</u>	<u>3,998</u>
Recreation and Cultural				
Parks and Recreation	58,000	83,000	88,844	(5,844)
Library	7,250	-	-	-
Red Cedar Recreation Association	-	-	4,070	(4,070)
Arts Fund	5,000	5,000	9,600	(4,600)
Total Recreational and Cultural	<u>70,250</u>	<u>88,000</u>	<u>102,514</u>	<u>(14,514)</u>
Capital Outlay				
New Equipment	2,671,500	346,500	260,700	85,800
Total Capital Outlay	<u>2,671,500</u>	<u>346,500</u>	<u>260,700</u>	<u>85,800</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended June 30, 2008**

**EXHIBIT Q**  
**(CONTINUED)**

	<b>BUDGETED AMOUNTS</b>			Variance With Amended Budget Positive (Negative)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u></u>
Debt Service				
Principal	40,450	40,450	40,447	3
Interest and Fiscal Fees	<u>1,550</u>	<u>1,550</u>	<u>1,549</u>	<u>1</u>
Total Debt Service	<u>42,000</u>	<u>42,000</u>	<u>41,996</u>	<u>4</u>
Other Financing Sources				
Local Street Fund	31,100	31,100	46,100	(15,000)
Building and Zoning Fund	31,000	24,500	15,000	9,500
Water Fund	<u>9,500</u>	<u></u>	<u></u>	<u>-</u>
Total Other Financing Sources	<u>71,600</u>	<u>55,600</u>	<u>61,100</u>	<u>(5,500)</u>
Total Expenditures and Other Financing Uses	<u>\$ 4,881,360</u>	<u>\$ 2,877,360</u>	<u>\$ 2,641,701</u>	<u>\$ (5,500)</u>

**CITY OF WILLIAMSTON**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**STATEMENT OF NET ASSETS**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**June 30, 2008**

**EXHIBIT R**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Cash	\$ 20,754		\$ 20,754
Accounts Receivable	300		300
Capital Assets (Net of Accumulated Depreciation)		\$ 762,977	762,977
Total Assets	<u>\$ 21,054</u>	<u>\$ 762,977</u>	<u>\$ 784,031</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ 433		\$ 433
Due to Other Funds--Primary Government	490		490
Other Accrued Liabilities	71		71
Non-Current Liabilities			
Notes Payable			
Due Within One Year		\$ 46,510	46,510
Due in More Than One Year		293,058	293,058
Total Liabilities	<u>994</u>	<u>339,568</u>	<u>340,562</u>
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances--Unreserved	<u>20,060</u>	<u>(20,060)</u>	<u>-</u>
Total Fund Equities	<u>20,060</u>	<u>(20,060)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 21,054</u>		
Net Assets			
Invested in Capital Assets--Net of Related Debt		423,409	423,409
Restricted for Economic Development Programs		20,060	20,060
Total Net Assets		<u>\$ 443,469</u>	<u>\$ 443,469</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**ECONOMIC DEVELOPMENT CORPORATION**  
**For the Year Ended June 30, 2008**

**EXHIBIT S**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Activities
Revenue			
Charges for Services	\$ 1,005		\$ 1,005
Interest and Rents	65,049		65,049
Other Revenues	47,082	\$ (42,706)	4,376
Total Revenue	113,136	(42,706)	70,430
Expenditures			
Community and Economic Development	28,511	34,513	63,024
Capital Outlay	16,954	(16,954)	-
Debt Service			
Principal	43,425	(43,425)	-
Interest	21,955	-	21,955
Total Expenditures	110,845	(25,866)	84,979
Excess of Revenue Over (Under) Expenditures	2,291	(16,840)	(14,549)
Fund Balance/Net Assets--Beginning of Year	17,769		458,018
Fund Balance/Net Assets--End of Year	\$ 20,060	\$ (16,840)	\$ 443,469



**CITY OF WILLIAMSTON**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**STATEMENT OF NET ASSETS**  
**TAX INCREMENT FINANCE AUTHORITY 2A**  
**June 30, 2008**

**EXHIBIT T**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Cash	\$ 96,889		\$ 96,889
Accrued Interest Receivable	137		137
Due From Other Funds--Primary Government	25		25
Capital Assets (Net of Accumulated Depreciation)		\$ 111,300	111,300
Total Assets	<u>\$ 97,051</u>	<u>\$ 111,300</u>	<u>\$ 208,351</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	<u>\$ 125</u>		<u>\$ 125</u>
Total Liabilities	<u>125</u>	<u>\$ -</u>	<u>125</u>
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances--Unreserved	<u>96,926</u>	<u>(96,926)</u>	<u>-</u>
Total Fund Equities	<u>96,926</u>	<u>(96,926)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 97,051</u>		
Net Assets			
Invested in Capital Assets--Net of Related Debt		111,300	111,300
Restricted for Tax Increment Finance Plans		<u>96,926</u>	<u>96,926</u>
Total Net Assets		<u>\$ 208,226</u>	<u>\$ 208,226</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**TAX INCREMENT FINANCE AUTHORITY 2A**  
**For the Year Ended June 30, 2008**

**EXHIBIT U**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Activities
Revenue			
Interest and Rents	\$ 5,360		\$ 5,360
Total Revenue	5,360	\$ -	5,360
Expenditures			
Community and Economic Development	15,594	1,862	17,456
Total Expenditures	15,594	1,862	17,456
Excess of Revenue Over (Under) Expenditures	(10,234)	(1,862)	(12,096)
Other Financing Sources			
Transfers (Out)--Primary Government	(13,065)		(13,065)
Total Other Financing Sources	(13,065)	-	(13,065)
Excess of Revenues and Other Financing Sources Over Expenditures	(23,299)		
Change in Net Assets		(1,862)	(25,161)
Fund Balance/Net Assets--Beginning of Year	120,225		233,387
Fund Balance/Net Assets--End of Year	\$ 96,926	\$ (1,862)	\$ 208,226

**CITY OF WILLIAMSTON**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**STATEMENT OF NET ASSETS**  
**TAX INCREMENT FINANCE AUTHORITY 2B**  
**June 30, 2008**

**EXHIBIT V**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 152,799		\$ 152,799
Investments	118,894		118,894
Accrued Interest Receivable	159		159
Total Current Assets	271,852	\$ -	271,852
Noncurrent Assets			
Capital Assets (Net of Accumulated Depreciation)		233,065	233,065
Total Noncurrent Assets	-	233,065	233,065
Total Assets	<u>\$ 271,852</u>	<u>\$ 233,065</u>	<u>\$ 504,917</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ 592		\$ 592
Due to Other Funds--Primary Government	454		454
Total Liabilities	1,046	\$ -	1,046
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances--Unreserved	270,806	(270,806)	-
Total Fund Equities	270,806	(270,806)	-
Total Liabilities and Fund Balance	<u>\$ 271,852</u>		
Net Assets			
Invested in Capital Assets--Net of Related Debt		233,065	233,065
Restricted for Tax Increment Finance Plans		270,806	270,806
Total Net Assets		<u>\$ 503,871</u>	<u>\$ 503,871</u>

**CITY OF WILLIAMSTON**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**STATEMENT OF ACTIVITIES**  
**TAX INCREMENT FINANCE AUTHORITY 2B**  
**For the Year Ended June 30, 2008**

**EXHIBIT W**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Activities
Revenue			
Interest and Rents	\$ 13,800		\$ 13,800
Total Revenue	13,800	\$ -	13,800
Expenditures			
Community and Economic Development	48,783	5,957	54,740
Capital Outlay	30,000	(30,000)	-
Total Expenditures	78,783	(24,043)	54,740
Excess of Revenue Over (Under) Expenditures	(64,983)	24,043	(40,940)
Other Financing Sources			
Transfers (Out)--Primary Government	(39,650)		(39,650)
Total Other Financing Sources	(39,650)	-	(39,650)
Excess of Revenues and Other Financing Sources Over Expenditures	(104,633)		
Change in Net Assets		24,043	(80,590)
Fund Balance/Net Assets--Beginning of Year	375,439		584,461
Fund Balance/Net Assets--End of Year	\$ 270,806	\$ 24,043	\$ 503,871

**CITY OF WILLIAMSTON  
GOVERNMENTAL FUND BALANCE SHEET  
STATEMENT OF NET ASSETS  
DOWNTOWN DEVELOPMENT AUTHORITY  
June 30, 2008**

**EXHIBIT X**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Current Assets			
Cash	\$ 35,847		\$ 35,847
Investments	139,286		139,286
Accounts Receivable	300		300
Due From Other Funds--Primary Government	22,417		22,417
Total Current Assets	197,850	\$ -	197,850
Noncurrent Assets			
Restricted Cash	6,941		6,941
Capital Assets (Net of Accumulated Depreciation)		1,083,827	1,083,827
Total Noncurrent Assets	6,941	1,083,827	1,090,768
Total Assets	<u>\$ 204,791</u>	<u>\$ 1,083,827</u>	<u>\$ 1,288,618</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	\$ 5,363		\$ 5,363
Accrued Liabilities	101		101
Total Current Liabilities	5,464	\$ -	5,464
Non-Current Liabilities			
Bonds Payable--Due Within One Year		85,000	85,000
Bonds Payable--Due in More Than One Year		1,910,000	1,910,000
Total Noncurrent Liabilities	-	1,995,000	1,995,000
Total Liabilities	5,464	1,995,000	2,000,464
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances--Unreserved	199,327	(199,327)	-
Total Fund Equities	199,327	(199,327)	-
Total Liabilities and Fund Balance	<u>\$ 204,791</u>		
Net Assets			
Invested in Capital Assets--Net of Related Debt		733,827	733,827
Restricted for Downtown Development Activities		(1,445,673)	(1,445,673)
Total Net Assets		<u>\$ (711,846)</u>	<u>\$ (711,846)</u>

**CITY OF WILLIAMSTON****EXHIBIT Y**

**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
DOWNTOWN DEVELOPMENT AUTHORITY  
For the Year Ended June 30, 2008**

	Modified Accrual Basis	Full Accrual Adjustments	Statement of Net Activities
Revenue			
Property Taxes	\$ 391,323		\$ 391,323
Interest and Rents	3,333		3,333
Other Revenues	2,583		2,583
Total Revenue	397,239	\$ -	397,239
Expenditures			
Community and Economic Development	138,614	41,226	179,840
Capital Outlay	21,743	(21,743)	-
Debt Service			
Principal	85,000	(85,000)	-
Interest	94,036		94,036
Total Expenditures	339,393	(65,517)	273,876
Excess of Revenue Over (Under) Expenditures	57,846	65,517	123,363
Change in Net Assets		65,517	123,363
Fund Balance/Net Assets--Beginning of Year	141,481		(835,209)
Fund Balance/Net Assets--End of Year	\$ 199,327	\$ 65,517	\$ (711,846)



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

December 4, 2008

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

RE: Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of the Financial Statements Performed in  
Accordance With Government Auditing Standards

Dear Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City of Williamston's basic financial statements and have issued our report thereon dated December 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Williamston's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the City of Williamston's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Williamston's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the city's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the city's financial statements that is more than inconsequential will not be prevented or detected by the city's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the city's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Williamston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as Finding 2008-1.

This report is intended solely for the information of the City of Williamston Council, management, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division





JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

December 4, 2008

Honorable Mayor and City Council  
City of Williamston  
161 East Grand River Avenue  
Williamston, Michigan 48895

RE: Report to Those Charged With Governance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Williamston, Michigan for the year ended June 30, 2008, and have issued our report thereon dated December 4, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated October 22, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the City of Williamston. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Williamston's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures to specifically identify such matters.

### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 22, 2008.

### Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Williamston are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ending June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the depreciation is based on the straight-line method in accordance with General Accepted Accounting Principles. We evaluated the key factors and assumptions used to develop the estimated depreciation in determining that it is reasonable in relation to the financial statements, taken as a whole.

### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2008.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the city council and management of the City of Williamston and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

# CITY OF WILLIAMSTON

## SCHEDULE OF FINDINGS

### STATUTORY COMPLIANCE

#### Violations of Uniform Budgeting and Accounting Act

*Finding 2008-1*

*Condition:* Our examination of procedures used by the city to adopt and maintain operating budgets for budgetary funds revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

The city's budget for the Local Street Fund ended in a deficit condition in both the original and final amended budget.

The city's 2007/2008 General Appropriations Act (budget) provided for expenditures of the General Fund and Special Revenue Funds to be controlled at the activity level. As detailed below, actual 2007/2008 expenditures exceeded the city council's approved budget allocations for several general fund activities.

During the fiscal year ended June 30, 2008, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund and Special Revenue Funds as follows:

	Final Amended Budget	Actual	Variance (Unfavorable)
General Fund			
General Government			
Attorney	\$ 57,500	\$ 64,827	\$ (7,327)
Public Works			
City Tree Service	17,800	20,416	(2,616)
Leaf and Grass Collection	86,300	88,107	(1,807)
Recreational and Cultural			
Parks and Recreation	83,000	88,844	(5,844)
Red Cedar Recreation Association		4,070	(4,070)
Arts Fund	5,000	9,600	(4,600)
Other Financing Sources			
Transfers (Out)--Local Street Fund	31,100	46,100	(15,000)
Major Street Fund			
Public Works			
Construction	65,000	259,667	(194,667)
Local Street Fund			
Public Works			
Sweeping/Flushing	13,025	15,267	(2,242)
Winter Maintenance	35,550	37,410	(1,860)

## CITY OF WILLIAMSTON

### SCHEDULE OF FINDINGS

#### STATUTORY COMPLIANCE (Continued)

*Criteria:* MCL 141.435 (2) states: “The total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act or the balance of the principal of these bonds or other obligations.”

MCL 141.139 states: “A member of the legislative body, the chief administrative officer, an administrative officer, or an employee of a local unit shall not authorize or participate in the expenditure of funds except as authorized by a general appropriations act.” The act requires the city council to make budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

*Directive:* We direct that the city’s chief administrative officer, and those councils and commissions and administrative personnel responsible for administering the activities of the various funds of the city to develop budgetary control procedures which will assure that budgets are not adopted with deficit balances and expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.